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ABSTRACT

The report describes the approach used by each of the 50 states to fund educational and related services for children served as handicapped by the public schools. An initial chapter discusses state school finance systems, covering equalization and non-equalization aid formulas used for general aid, and special education funding formulas used for categorical aid. For each state, a description is given of the state funding mechanism used to distribute state resources for special education programs and services provided by local education agencies during the 1988-89 school year. State-by-state tables provide data on state aid programs, the relationship of special education funding to funding of general education and other categorical programs, funding of private school placements, factors included in state special education finance formulas, local education agency (LEA) fiscal responsibility for special education programs, special education funding formulas, and targeting of special education funds. Appendices contain a list of individuals in each state who may be contacted for greater detail regarding a state's formula, a list of 11 studies conducted by states regarding their special education finance systems, and a bibliography of 14 items. (JDD)

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STATE SPECIAL EDUCATION FINANCE SYSTEMS, 1988-89

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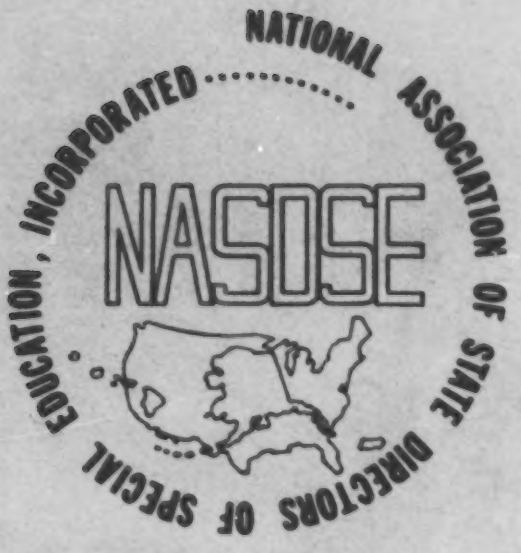

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State Special Education Finance Systems, 1988-89

Fran E. O'Reilly

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PREFACE

In 1982, Project FORUM, a State and local communication network operated by the National Association of State Directors of Special Education (NASDSE) under contract to the U.S. Department of Education's Office of Special Education Programs (OSEP), developed a directory describing each State's approach to funding educational and related services for children served as handicapped by the public schools. Since that time, one half of the States have in some way revised or substantially modified their special education funding formulas. Twenty-seven States have studied the possibility of changing their special education finance system, while other States have developed legislative proposals or formed legislative committees and task forces to examine their special education funding process. Only 11 States have not taken any action in this area since the 1982 NASDSE directory was completed.

To some extent, much of the recent activity in the special education finance arena has been precipitated by this decade's education reform movement which has called for improved performance and increased accountability in the nation's schools. The current focus on education quality has prompted a number of costly reforms such as increases in teacher salaries and class size reductions. These reforms have created fiscal pressures in many districts, raising anew the equity issues which were foremost on many State education agendas in the early 1970's. These factors have combined to force States to examine both their education delivery systems and their methods for financing these systems, including the financing of special education programs.

In special education finance, many of the changes made by States have been to move toward formulas which focus on different costs for different student needs (i.e., pupil weighting systems), perhaps reflecting the education reform movement's increasing interest in development of programs which address the needs of individual students. There has also been an increase in the use of cost-based formulas which is likely a response to the call for increased accountability. These changes, coupled with a lack of current information on State special education funding programs, substantiated a need to update the 1982 directory developed by Project FORUM.

In revising the 1982 directory, several changes were made based on suggestions made by State directors of special education, other administrators of State special education programs, and researchers involved in the area of special education finance. In addition to including brief, updated abstracts describing each State's special education funding formula, information was added about State school finance systems in general and the relationship between general and special education funding programs. Tables were appended to identify for each State various factors associated with their special education funding formulas (e.g., district wealth or fiscal capacity, population sparsity). Finally, the name of a contact person in each State education agency who can provide more detailed information on the special education finance program in their State was included.

As described on the following pages, each State school finance system developed to distribute educational resources is unique. Differences among States in their goals and the history of their educational finance systems, in the relationship between the financing of general and special education services, and in the organizational structure of the education delivery system at the State, regional and/or local level are but a few of the factors contributing to the uniqueness of State formulas. A detailed analysis of the differences and similarities among specific components of State special education funding programs was beyond the scope of this project. Further, this study of State special education finance systems focuses on the methods used by States to fund programs for children with handicaps that are operated by local education agencies. While this is the largest component of State special education funding programs, the total special education finance system is a complex, multifaceted and interagency system which may include multiple funding approaches, such as mechanisms for funding students served by State agencies, or in private schools. Addressing these areas was also beyond the scope of this project.

Completion of this document was possible only through the collaborative efforts of numerous individuals. Special education administrators in each State were instrumental in providing the information required to complete the abstracts of each State's funding formula as well as the State-by-State tables. Special thanks go to Tracey Johnson and Deborah Forsythe of the NASDSE staff for their time and effort in preparing the State tables and funding formula abstracts. Input to the design of this document as well as comments and suggestions for revising the text were provided at various points by several individuals. Appreciation for their assistance goes to John Clark (Nebraska SEA), Norena Hale (Minnesota SEA), Brian McNulty (Colorado SEA), George Hagerty (Taylor, Hagerty and Associates), Jay Moskowitz (formerly of Decision Resources Corporation), Martha Coutinho and Linda Lewis (NASDSE), and Lou Danielson and Susan Sanchez (U.S. Department of Education).

I. STATE SCHOOL FINANCE SYSTEMS

Fiscal support for public education is a shared responsibility. In almost all States[1], Federal, State and local revenues are combined for the provision of elementary and secondary education programs. Over the past decade, there has been an increasing dependence on State governments for the fiscal support of educational services. In 1978-79, the percentage contribution of local governments was 43.9%, the Federal government provided 8.8%, and the States furnished 47.3% of the funds supporting all elementary and secondary education programs. By 1986-87, the local contribution was 44.1%, the Federal share had fallen to 6.3% and the State share had increased to 49.6% (NEA, 1988).

A primary use of State education aid is to compensate for differing abilities among local districts to support education. The use of State funds to overcome disparities in expenditures caused by variations in local wealth is traditionally labelled equalization. The distribution of funds for equalization usually occurs through a formula where State dollars are distributed in inverse proportion to local wealth (defined as taxable property base or property valuation). Thus, less wealthy districts receive more State aid than property "rich" districts. The resulting combination of State and local revenues enables poor districts to spend at the same rate per pupil as the most wealthy districts in a State.

State funds for education can also be used to equalize disparities among districts as a result of educational need. Educational need can be determined based on the characteristics of each pupil in a district (e.g., children with handicaps typically require more expensive programs than nonhandicapped students) or can reflect varying costs of education programs due to differences in the cost of living throughout the State. A State aid program designed to equalize disparities due to wealth may not necessarily neutralize disparities in educational need.

Thus, most State school finance systems have been designed to meet two major equalization goals: to distribute State and local educational resources in a way that insures a measure of equality of educational opportunity (student equity), and to generate educational revenues in an adequate and equitable manner (taxpayer equity) (Goertz, et al., 1978). To meet these goals, equity must be specified in terms of what students receive, and how revenues are raised.

Student Equity. Student equity can be defined either as equal treatment of all students, or different treatment for different student needs. A school finance system which uses the first concept of student equity distributes resources exclusively on the number of students in a school district. A system which funds districts based on different treatment for different

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[1]Hawaii operates a single State-administered school district which is fully funded by the State. Similarly, the District of Columbia operates a single SEA/LEA which is fully funded by the SEA.

student needs would distribute additional funds for students in need of special educational services. A plan which accounts for differences among students must carefully define which differences will be compensated. For example, in addition to providing supplementary funds for special education, other student differences such as family poverty may be addressed.

Taxpayer Equity. There are also two possible definitions of taxpayer equity -- equal treatment for all taxpayers or different treatment for different taxpayer needs. A school finance system which provides equal treatment for all taxpayers would guarantee equal expenditures for equal tax effort. Two school districts levying the same property tax rate would be able to spend the same amount per pupil, through a combination of State and local revenues, regardless of the property wealth of the school district. In some communities, however, most notably in large cities, the demand for education may compete with the need for other services (e.g., public safety), limiting the amount of local revenues available for education. A school finance plan developed to support different treatment for different needs would provide such districts with more revenues per unit of tax effort than those districts with fewer needs.

Each State's school finance system is designed to meet the State's goals of student and taxpayer equity. The distribution of resources to meet these goals can include one or more mathematical formulas. The largest component of a State's school finance system is general education aid, typically distributed through an equalization formula. State school finance plans can also include a series of categorical aid programs designed to address specific educational needs. Within a State there can be overlap between the two components of general and categorical aid, particularly if both components include equalization factors. The approaches used by States to distribute general education aid and categorical funds for special education are discussed in the following sections.

General Aid

The bulk of State aid for education is distributed for general education programs. Most States use an equalization formula to distribute general education aid. However, several States use a non-equalizing approach to education funding such as a flat grant per student or full State assumption. The following section discusses these approaches to funding general education programs.

Equalization Formulas

The primary component of most State aid systems is an equalization formula which has been designed to address inequities in fiscal capacity among local school districts. Most equalization formulas are shared cost formulas where contributions are made from both State and local sources. State aid is distributed in inverse proportion to local wealth. The amount of State aid that is distributed to districts under an equalization formula is determined by three factors -- the need, wealth, and effort of the local districts.

Need. The number and characteristics of pupils attending a school district reflect the educational need of the district. The definition of pupil that is employed in a State aid formula can dramatically impact the amount of resources distributed to each district. For example, pupils may be counted either on the basis of membership or attendance. In urban areas, where student absenteeism is high, districts would have a smaller pupil count and hence receive less State aid if a definition of attendance was used. The timing of the pupil count can also affect the level of State aid. For example, pupil counts may be taken at a single point in time, quarterly, or averaged over the school year. For districts whose enrollment declines over the school year, an average count could result in lower resources.

If student equity has been defined as different treatment for different needs, the pupil definition can be used to implement this goal by counting students with particular characteristics as more than one unit. This translates into a pupil weighting system where, for example, an elementary student may be assigned a weight of 1.0, and a secondary school student may be counted as 1.2. In the distribution of resources, a district would receive for secondary students 1.2 times the amount received for elementary students in the general education program.

In determining fiscal need, calculations may be employed to account for specific situations that may differ among districts such as population sparsity, density, and declining or increasing enrollment. The way in which pupils are counted can also affect the definitions of wealth and effort if the measure of these factors is a per pupil measure.

Wealth. Local property value is the typical measure of school district wealth used in school finance formulas. The property values used can either be the assessed property values, or equalized property values in which an attempt has been made to eliminate variation due to local assessment practices. Some States include measures of both property wealth and income in their calculation of school district wealth.

Effort. The measurement of effort in a school finance formula is usually determined by the local school tax rate or the district's educational expenditure level. Tax effort could also be defined as the total tax rate, or as a ratio of locally raised revenues to income wealth. In some States, local effort is capped or otherwise manipulated by State statute or regulation.

These three factors interact to form four major types of equalization formulas: (1) Minimum Foundation; (2) Guaranteed Tax Base; (3) Percentage Equalizing; and (4) District Power Equalizing (Goertz et al., 1978). These formulas differ in terms of the required State and local role, as well as in the equalization factors which are emphasized, but they are all based on the three components described above -- need, wealth, and tax effort. In their pure form, the formulas are mathematically equivalent as they can be manipulated to result in the same amount of available revenue per pupil. Each of the equalization formulas is described below.

Minimum Foundation

According to the Minimum Foundation Program, every school district is guaranteed a specific amount of money (the foundation amount or minimum guarantee) for each child's education. Local districts are required to contribute to the guaranteed amount through a State mandated tax rate on the district's property valuation. The district's share, raised through this tax rate, is known as the required contribution. The required contribution varies depending on the property value of each district. The amount of State aid received would be the difference between the foundation amount and the district's required contribution. State funds are allocated in inverse proportion to district fiscal capacity. Thus, under a Minimum Foundation Program:

$$\begin{matrix}\text{State Aid} \\ \text{Per Pupil}\end{matrix} = \left(\begin{matrix}\text{Foundation} \\ \text{Amount}\end{matrix}\right) - \left(\begin{matrix}\text{Required Contribution} \\ \text{Per Pupil}\end{matrix}\right)$$

where,

$$\begin{matrix}\text{Required} \\ \text{Contribution} \\ \text{Per Pupil}\end{matrix} = \left(\begin{matrix}\text{State Mandated} \\ \text{Local Tax Effort}\end{matrix}\right) \times \left(\begin{matrix}\text{Local Wealth} \\ \text{Per Pupil}\end{matrix}\right)$$

For example, if the State sets its minimum foundation amount at $1,000 per pupil, and the required local tax effort for education at 10 mills ($10 per $1,000 of property valuation or 1 percent), District A with a property tax base of $50,000 per pupil would have a required local contribution of $500 and would receive $500 per pupil in State aid. In District B, where the property tax base is $75,000, only $250 per pupil would be received from State aid because the required contribution would be $750 (.01 x $75,000).

This type of formula can include "local leeway" which allows participating districts to tax themselves above the mandated tax rate, although no additional State aid is provided for this increase. The amount of revenues raised through local leeway varies with the wealth of each district. For example, if Districts A and B above both chose to tax themselves at a rate of 2 percent (1 percent for the required tax and 1 percent local leeway) District A could raise an additional $500 per pupil through the 1 percent additional tax, while District B could raise an additional $750. Given a minimum foundation amount of $1,000, with the same tax effort, District B would be able to spend $1,750 per pupil while District A could spend only $1,500.

Guaranteed Tax Base

Under a Guaranteed Tax Base formula, the State sets a tax base and local school districts choose their own tax rate for education. The tax rate selected by the local district is applied to the guaranteed tax base set by the State and also to the actual tax base for the school district. The amount of State aid provided is the difference between what would be raised with the guaranteed tax base and what can actually be raised from the local tax base as follows:

$$\text{State Aid Per Pupil} = \left(\text{Guaranteed Tax Base} \times \text{Local Tax Rate}\right) - \left(\text{Actual Tax Base} \times \text{Local Tax Rate}\right)$$

For example, assume that a State guarantees a tax base of $100,000 per pupil. Assume also that District A, with a property tax base of $50,000 and District B with a $75,000 tax base each levy a local tax rate of 10 mills, or 1 percent. While both districts would be guaranteed revenues of $1,000 per pupil ($100,000 x .01), the State and local share of the revenues for these two districts would differ. District A would be required to contribute $500 per pupil in local revenues and would receive $500 in State aid ($100,000 x .01) - ($50,000 x .01), while District B would make a local contribution of $750 and receive only $250 in State aid ($100,000 x .01) - ($75,000 x .01).

Under a Guaranteed Tax Base approach, the larger the difference between actual and guaranteed wealth, the larger the amount of State aid. In districts with tax bases above the State guaranteed tax base, no State aid would be received. In those districts, spending is determined by the locally selected tax rate and the size of the actual property tax base.

Percentage Equalizing

Under a Percentage Equalizing formula the State assures the support of a proportion of locally-determined educational expenditures. Using this type of formula, locals set their own education expenditures and the State agrees to support a specific percentage of expenditures in the average district. The State share is determined through a required local share for the average district. The percentage of educational expenditures the State actually supports in each district is based on the district's fiscal capacity which is determined by dividing the district's wealth by the wealth of the average district. Using a Percentage Equalizing formula, the proportion of State aid to each district would be determined as follows:

$$\text{State Aid Per Pupil} = \left[1 - (k)\left(\text{District Fiscal Capacity}\right)\right] \times \left(\text{District Expenditures}\right)$$

where k is the State selected local share for the average district, a constant, and

$$\text{District Fiscal Capacity} = \frac{\text{District Wealth}}{\text{Wealth of Average District}}$$

For example, assume that the State decides that the average district should support 45 percent of its expenditures. Also assume that the average district has a property valuation of $50,000 per pupil and District A and B each have expenditures of $2,000 per pupil. State aid would be calculated as follows for District A ($50,000 valuation) and District B ($75,000 valuation):

District A

$$\text{State Aid Per Pupil} = \left[1.00 - (.45) \times \left(\frac{\$50,000}{\$50,000}\right)\right](\$2,000) = \$1100$$

District B

$$\text{State Aid Per Pupil} = \left[1.00 - (.45) \times \left(\frac{\$75,000}{\$50,000}\right)\right](\$2,000) = \$650$$

Thus, under a Percentage Equalizing funding plan, as a district's fiscal capacity decreases, the State share increases. The degree to which this type of formula equalizes expenditures is affected by both the level of State support and the level of local educational expenditures. Two districts of equal property wealth may not spend the same amount of money on education; the district with the highest expenditures will receive more State aid. Disparate expenditure levels could result in poorer districts receiving less State aid than wealthy districts.

District Power Equalizing

The formulas described above strive for equalization by neutralizing differences in education expenditures which result from differences in the fiscal capacity of school districts. District Power Equalizing (DPE) modifies other equalization formulas by focusing on tax effort, guaranteeing that each district will receive an equal yield for an equal effort. Each district chooses a tax rate which has an associated level of educational expenditures such as:

Guaranteed Expenditure Level	Tax Effort (%)
$2,000	.01
$3,000	.02
$4,000	.03

If the district cannot generate enough revenues to equal the guaranteed level of expenditures, State aid would make up the difference as follows:

$$\text{State Aid Per Pupil} = \left(\text{Guaranteed Expenditure Level}\right) - \left(\text{Actual Tax Base} \times \text{Tax Effort}\right)$$

For example, according to the above schedule, if District A with property valuation of $50,000 and District B with a $75,000 property value both select a tax effort of .02, both districts would be guaranteed an expenditure level of $3,000 per pupil, but District A would receive $2,000 in State aid [$3,000 - ($50,000 x .02)] while District B would receive only $1,500 [$3000 - ($75,000 x .02)].

One feature that distinguishes the district power equalizing approach from more traditional equalization formulas is the "recapture" provision. Local districts which raise more than the State guaranteed amount for a specific tax rate must pay back the excess to the State for redistribution to less wealthy districts.

In a recent publication, Salmon, Dawson, Lawton, and Johns (1988) classified State finance programs according to their primary emphasis, finding that most State school finance programs have been designed with fiscal equalization as their primary goal, with secondary emphasis placed on distribution of funds through a set of categorical grants. Salmon, et al. reported that during the 1986-87 school year thirty States (60%) were using a Minimum Foundation Program. States using a Guaranteed Tax Base and those using District Power Equalizing were combined, resulting in six States employing these types of equalization aid. Five States were reported as using a Percentage Equalizing program. The approaches of the remaining nine States are discussed below.

Non-Equalization Aid Formulas

Nine States were reported by Salmon, et al. as not using an equalization program, but rather as employing either a flat grant program or full State assumption as their primary mechanism for distributing State aid.

Flat Grant

A flat grant program does not address the fiscal capacity of the local school district. Under this type of formula, a fixed amount of State aid is distributed on a per unit basis (e.g., per pupil, per teacher). According to Salmon, et al., five States used a flat grant program as their primary allocation system during the 1986-87 school year.

Full State Assumption

Under full State assumption the State contributes 100 percent of the educational expenditures, and local districts contribute nothing. Variations among districts in their level of expenditures for education would result from differences in need as opposed to the wealth of the school districts. Using this type of funding mechanism, the State determines the ultimate level of education expenditures in each district. Traditionally, only Hawaii, with a single State administered school district has been classified as using a full State assumption system. Salmon, et al. found, however, that several additional States have approached full State assumption and thus four States were so classified. Although not included by Salmon, et al., the District of Columbia Public Schools which is considered to be a single SEA/LEA also operates a system which is fully funded by the SEA.

The classification of State 1986-87 public school finance programs as reported by Salmon, et al. is shown in Figure 1 (see also Table A.1 in Appendix A). In some States, such as Florida, the school finance system shown in Figure 1 is used to distribute funds for all education programs. In many States, however, these systems are used to distribute aid only for general education programs. A second component of State school finance programs, categorical aid, has been developed for distribution of aid for the support of programs designed to address specific educational needs.

FIGURE 1

1986-87 STATE PUBLIC SCHOOL FINANCE PROGRAMS[1]

Minimum Foundation		Percentage Equalization	Guaranteed Tax Base	Flat Grant	Full State Assumption
Arizona	Montana	Alaska	Colorado	Alabama	California
Arkansas	Nevada	Kansas	Connecticut	Delaware	Hawaii
Florida	New Hampshire	New York	Michigan	Kentucky	New Mexico
Georgia	North Dakota	Pennsylvania	New Jersey	Nebraska	Washington
Idaho	Ohio	Rhode Island	South Dakota	North Carolina	
Illinois	Oklahoma		Wisconsin		(4)
Indiana	Oregon	(5)		(5)	
Iowa	South Carolina		(6)		
Louisiana	Tennessee				
Maine	Texas				
Maryland	Utah				
Massachusetts	Vermont				
Minnesota	Virginia				
Mississippi	West Virginia				
Missouri	Wyoming				
(30)					

1 Adapted from Salmon, R., Dawson, C., Lawton, S., and Johns, T., *Public School Finance Programs of the United States and Canada, 1986-87*, Blacksburg, VA: American Education Finance Association and Virginia Polytechnic Institute and State University, 1988.

Categorical Aid

Funds distributed through categorical aid formulas are targeted on and limited to specific educational programs such as special education, vocational education, transportation, compensatory education and bilingual education. Categorical funds can be provided either in addition to, or instead of resources distributed through the general aid funding program. The provision of categorical aid can be disequalizing in terms of taxpayer equity but often serves to foster student equity goals. However, categorical funds can be distributed in a way that equalizes fiscal capacity as well as educational needs. This could be accomplished through a pupil weighting system in which students are assigned additional weights according to their educational needs, and the weighted pupil counts are incorporated into the general education equalization formula. More State aid would be provided to districts which have a large pupil count, and poor districts would receive more aid for the additional pupils than wealthy districts.

Most States distribute special education funds through categorical aid. While State special education funding programs are generally designed to promote student equity, some States include in their formula a measure of local district fiscal capacity to meet taxpayer equity goals as well. In fact, in some States special education funds are disbursed through the same equalization formula that is used to distribute resources for general education programs (See Table A.2 in Appendix A).

Categorical funds can be distributed through any number of mechanisms, and each type of aid can have a different distribution formula. For example, special education aid might be distributed as a reimbursement for specific expenditures, while transportation funds could be distributed based on a flat grant where an additional allocation would be provided for every student needing transportation. The formula used in each State to distribute these resources is virtually unique, having been developed to meet each State's goals and priorities. The following section discusses the types of formulas which have been developed to distribute State categorical aid for special education programs.

Special Education Funding Formulas

All States provide funds for the provision of special education programs. Of the estimated $14.2 billion expended during 1984-85 on services for children with handicaps, State governments provided about 57 percent of the resources, while local governments paid 35 percent and 8 percent came from Federal sources (U.S. Department of Education, 1989). Over the past decade, State agencies displaced local governments as the primary contributor to the special education system. The mechanisms which States have developed to distribute these resources are complex and often involve complicated interagency structures. The major component of State special education finance systems is the formula used to distribute funds for students served in local school district programs. Variations on this formula or separate mechanisms are often used to distribute funds for students served in out-of-district placements, such as State-operated facilities or private schools. Some States also have additional funding provisions to address specific situations, such as residential care, special education transportation, "catastrophic costs", and extended school year services.

The focus of this discussion is the formula used by States to distribute resources for the provision of special education and related services to students with handicaps served in local school district programs. Describing other components of State special education funding programs was beyond the scope of this project. However, in the course of obtaining information for this study, additional data were obtained on funding for private school placements and for extended school year funding, as well as information on the general fiscal responsibility of school districts for programs for students with handicaps. Table A.3 in Appendix A indicates whether the formula used to distribute funds for private school placements is the same or different than the formula used to fund programs for students with handicaps served by the local school district. Table A.4 shows if funds for extended school year are distributed separately from school year special education appropriations and Table A.5 shows the general fiscal responsibility of school districts for students with handicaps. Note that Table A.5 does not address the fiscal responsibility for children served under special circumstances such as those placed by other agencies or served by agencies other than the local school district.

Although the State aid formula for distributing special education funds for students served in local school district programs is individualized to the fiscal and programmatic needs of each State, all of the funding mechanisms can be classified into a framework which groups formulas based on their common characteristics. Three major categorization schemes have been used by previous researchers. Thomas (1973) identified six types of funding formulas in common use: (1) unit, (2) personnel, (3) weight, (4) straight sum, (5) percentage, and (6) excess cost.

Unit formulas as described by Thomas provide a fixed amount of money for each qualified unit of instruction, administration and transportation. Funding is disbursed for the cost of the resources needed to operate the unit, such as salaries for teachers and aides. The amount of funding provided may vary by type of unit.

Personnel formulas provide funding for all or a portion of the salaries of personnel working with children with handicaps. No other costs are reimbursed. As such, personnel formulas can be viewed as a special case of the unit formula, where funding is provided only for personnel costs.

Under a *weighted* formula, funds are provided for each child with handicaps as a multiple of the general education per pupil reimbursement. This formula is essentially a per pupil funding mechanism, with different amounts provided based on a pupil's handicapping condition and/or program.

A *straight sum* formula provides a fixed amount of money for each child with handicaps. The amount may vary by handicapping condition.

Formulas classified as *percentage based* provide to school districts a portion of approved costs of special education programs. The percentage approach can be combined with other formula types, such as personnel, to provide districts with a percentage of special education teacher salaries.

States using an *excess cost* formula reimburse school districts for all or part of the costs of educating children with handicaps which are over and above the cost of the general education program.

Hartman (1980) grouped these six categories together according to the main factor used for funds allocation: resources, students served, or cost. *Resource-based* formulas include unit and personnel mechanisms in which distribution of funds is based on payment for specific resources (e.g., teachers, aides, equipment). *Student-based* formulas include the weighted and straight sum formulas described by Thomas, and are based on the number and type of children served. *Cost-based* formulas include the percentage and excess cost methods which are both based on district expenditures for special education programs.

Moore, Walker and Holland (1982) elaborated on the Hartman classification using a scheme which categorizes formulas on two dimensions -- the main factor upon which the allocation is based (i.e., resources, students, or costs) and the mechanism used to allocate funds (i.e., flat grant, percentage, or weights). As indicated by Moore, et al., and depicted in

Figure 2, these two dimensions can be combined to form nine different types of funding formulas. Only six are practical and only five are currently in use: (1) flat grant per teacher or classroom unit, (2) percentage or excess cost, (3) percentage of teacher/personnel salaries, (4) weighted pupil formula, and (5) weighted teacher/classroom unit formula. Note that while a flat grant per student is a viable option and is used to distribute Federal funds to States under Part B of the Education of the Handicapped Act, no States use exclusively this type of formula to distribute funds to school districts for special education programs.

FIGURE 2

TYPES OF SPECIAL EDUCATION FINANCE FORMULAS[1]

Basic Elements	Funding Mechanism		
	Flat Grant	Percentage	Weight
Students	Flat Grant/Student	--	Pupil Weighting
Resources	Flat Grant/Classroom or Teacher Unit	Percentage of Personnel Salaries	Weighted Teacher or Classroom Units
Costs	--	Percentage Cost or Excess Cost	--

[1] From Moore, M., Walker, L., Holland, R., *Finetuning Special Education Finance: A Guide for State Policymakers*, Princeton, NJ: Educational Testing Service, Education Policy Research Institute, July, 1982.

Under a *flat grant per teacher or classroom unit*, the State provides to each district a fixed amount of money for each special education teacher employed or for each classroom unit needed. Regulations typically define pupil-teacher ratios or class size and caseload standards, either by handicapping condition or by type of program (e.g., resource room).

A *percentage or excess cost formula* reimburses districts for a percentage of the costs of educating children with handicaps. Reimbursement may be provided for a percentage of the full costs or for the costs which are above the average per pupil costs for general education programs. Reimbursable costs usually must be in approved categories and cost ceilings may apply.

Formulas classified as *percentage of teacher/personnel salaries* provide districts with a percentage of the salaries of special education teachers and/or other special education personnel. The percentage may vary by personnel type. For example, the salaries of certified teachers may be

reimbursed at a rate of 70% while salaries for aides may be reimbursed at a rate of only 30%. Pupil-teacher ratios are typical of this formula type and minimum State salary schedules are often included as well.

Weighted pupil formulas pay districts a multiple of average per pupil costs or other base rate, depending on each student's handicapping condition and/or program. This type of formula may include other categorical programs in addition to special education (e.g., bilingual or compensatory education) and may also provide funding for general education programs, although some States choose to weight only categorical programs.

Under a *weighted teacher/classroom unit* formula the State pays districts an amount based on a multiple of allowable teachers or classroom units. Weights may vary by handicapping condition and/or program, and units may be constrained by pupil-staff ratios. For example, the State may fund one staff unit for each five students with severe handicaps and one staff unit for each 45 students who are speech impaired.

While the formulas used by States can be grouped according to any of these classification schemes, there is a great deal of overlap among categories, and within any single category formulas vary substantially. This variation is reflective of State efforts to be responsive to diverse district needs, while also meeting State goals. Nevertheless, for discussion and comparison purposes, it is useful to classify State funding programs according to some type of framework. Rather than creating yet another framework, the special education finance formulas used by States during the 1988-89 school year have been categorized using the five formula types developed by Moore, Walker, and Holland as shown in Figure 3 (see also Table A.6 in Appendix A). This taxonomy was selected because it is well known and widely accepted among policymakers.[2] Figure 3 indicates that the type of formula used most frequently is a pupil weighting system (17 States), followed by percentage or excess cost formulas (14 States) and flat grant per teacher or classroom unit approaches (11 States). Both percentage of teacher/personnel salaries and weighted teacher/classroom unit formulas are used infrequently.

Since publication by NASDSE of the 1982 directory of State special education funding formulas, there have been changes to the formulas used by many States. As that directory did not classify States using the Moore, Walker and Holland framework, it is impossible to assess the exact changes that have occurred. However, in general, there appears to be an increase in

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[2]Other more recently developed taxonomies were also reviewed but deemed to be not as appropriate. For example, McQuain (1984) classified special education formulas using an equalization framework such as that described earlier, and Crowner (1985) developed a complex categorization using four factors -- (1) base, the element(s) upon which revenues are figured; (2) formula, the method used to compute revenues generated by the base elements; (3) source, the agency from which revenues flow, and (4) type, the restrictions placed on the possible use of revenues by the source.

the use of excess cost formulas and pupil weighting schemes, with a concomitant decrease in the use of resource-based formulas. The increased use of pupil weighting systems may be reflective of State efforts to provide programs which are more responsive to individual student needs. The rise in use of cost-based formulas likely reflects increased attention to accountability in education.

FIGURE 3

1988-89 STATE SPECIAL EDUCATION FINANCE FORMULAS[1]

Pupil Weighting	Flat Grant Per Teacher or Classroom Unit	Percentage of Teacher/Personnel Salaries	Weighted Teacher/ Classroom Units	Percentage Cost or Excess Cost
Alaska	Alabama	Louisiana	Washington	Colorado
Arizona	California	Minnesota	West Virginia	Connecticut
Arkansas	Delaware	Ohio		Maine
Florida	Idaho	Virginia	(2)	Maryland
Georgia	Illinois	Wisconsin		Michigan
Indiana	Kansas			Montana
Iowa	Kentucky	(5)		Nebraska
Massachusetts	Mississippi			North Carolina[2]
New Hampshire	Missouri			Oregon
New Jersey	Nevada			Pennsylvania
New Mexico	North Dakota			Rhode Island
New York				South Dakota
Oklahoma	(11)			Vermont
South Carolina				Wyoming
Tennessee				
Texas				(14)
Utah				
(17)				

[1] The District of Columbia Public schools is not included on the table as it is considered to be a single SEA/LEA and is unique in its governance and funding. There is no special education funding formula for the District of Columbia. Similarly, the State of Hawaii operates as a single school system; there is no prescribed funding formula.

[2] In North Carolina, special education aid is additional to funds provided for basic education programs, and is to cover the excess cost of special education programs, but the funds are distributed on a flat grant per child basis.

Although the formulas can be classified according to the framework set forth by Moore, et al., the basic formula types are not adequate for describing the complexity of funding formulas which exist among States. There are many other factors which cut across the dimensions of the framework, such as the use of pupil teacher ratios, adjustments for district size, and caps or limitations for reimbursement purposes on the number of students served. Additional factors relevant to State special education funding formulas are shown in Appendix Table A.4.

Theoretically, each of the five types of funding formulas described by Moore, et al. could be manipulated to result in equal allocations to districts with similar populations of children with handicaps. As such, the formulas used to allocate special education resources have been described as merely

mechanisms for transferring funds from one governmental level to another (Hartman, 1980). But State special education funding programs have the capacity, inadvertently or intentionally, to influence programs at the local level as they can affect the number and type of children served as handicapped, the type of programs and services provided by local school districts, the duration of time students spend in special education programs, the placement of students in various programs, and class size and caseloads. Administrative processes such as recordkeeping and reporting burden, as well as program and fiscal planning can also be impacted by the funding formula. Moreover, funding mechanisms can be used to support State priorities and initiatives by, for example, earmarking funds for specific activities, establishing service priorities, providing incentives to develop specific types of programs, or instituting disincentives to discourage agencies from serving students in particular placements. The extent to which a formula may impact local district practice must be evaluated by State policymakers.

Potential Consequences of Different Special Education Funding Formulas

Each of the five types of funding formulas has implications in terms of the potential to affect local district practice. However, as noted by Moore, et al., the type of formula used may be less significant in explaining local district practice than are the other policy decisions made by a State in developing its special education funding system. Such decisions could include level of State spending, equity, or student eligibility criteria. Nevertheless there are some differences among funding formula types in their potential consequences, although they are less dramatic than might be expected. Many of the consequences can be mediated by the introduction of additional funding factors, regulations and provisions, but this adds to the complexity of the funding system and consequently to administrative and reporting burden. Some of the implications of each formula type are outlined below.

Flat Grant (Student, Classroom or Teacher). Major advantages of flat grant formulas are their simplicity and consequent ease of administration. Flat grants do not require that students be labelled by handicapping condition. As a result, they do not inadvertently encourage misclassification of students. However, because more State aid is received if more students are classified as handicapped, the flat grant may provide an incentive for overclassification. A flat grant may also encourage districts to make low cost placements, unless differential reimbursements are provided for handicapping conditions, personnel or programs. If differential reimbursements are made, the formula could provide an incentive to districts to serve students in placements with higher reimbursements.

Flat grant formulas are not directly related to costs; consequently, a major disadvantage of a flat grant formula is its inability to account for differential district needs. Without additional provisions, the flat grant formula also does not address local district fiscal capacity. Flat grant formulas may be compatible with other State funding programs which also use a flat grant to distribute resources.

Resource Based Formulas. Resource based formulas for this discussion include percentage of personnel salaries and formulas based on weighted teacher or classroom units. As these formulas are not based on a count of students they provide little incentive for overclassification and are not likely to result in misclassification. Another feature of these formulas is an incentive to maximize class size. Districts may try to serve as many students as possible at the lowest cost by placing the maximum allowable number of students in each unit. Not surprisingly, these formulas are often accompanied by regulations stipulating maximum class size and personnel/student ratios.

Resource based formulas are relatively easy to administer and recordkeeping and verification is fairly simple. Moore, Walker and Holland point out that these formulas are also compatible with many State general education funding provisions and allow districts to plan ahead in projecting personnel and other resource requirements. These formulas can become complex, however, if multiple salary schedules are used. Some States, therefore, elect to use a State minimum salary schedule.

A resource-based formula can be problematic for small school districts and low incidence programs that may have difficulty generating a sufficient number of students to constitute a fundable unit. In such cases, districts are at a distinct disadvantage if they cannot generate enough funds to support their programs. While this may provide an incentive to serve students in the regular classroom, the lack of funds may also result in inadequate or inappropriate programing. In addition, funds may not necessarily be provided for supplies, equipment, transportation and support personnel under a resource based funding program.

A major disadvantage of resource based formulas is that the funds allocated to districts are not directly related to the actual costs of programs and services, nor are they based on district needs or fiscal capacity. Cost differentials among districts are often not included, but additional factors can be added to resource based formulas to account for district variability. Higher reimbursements for specific programs can also be used by States to encourage placements in specific settings.

Weighted pupil formulas. The use of a pupil weighting scheme is intended to address the educational need of districts in terms of their population of students with handicaps. The determination of weights can be problematic and burdensome, however, if accurate cost data are not easily obtained. Also, if costs are based on Statewide average district expenditures, low spending districts would benefit while high spending districts would be penalized. In addition, differentiated weights can provide an incentive to misclassify students into categories receiving higher reimbursements. By the same token, differential weights may encourage specific types of placements (e.g., less restrictive settings). The potential for misclassification of students can be controlled to some extent by introduction of caps or limitations for reimbursement purposes on the number of students within categories, or requirements to spend funds only on students who generate the dollars. A pupil weighting formula is no more likely to

encourage overclassification of students than any other type of funding formula.

A pupil based formula has an added advantage of providing funds to small districts and low incidence populations regardless of the number of students needing services. While the amount may be inadequate to mount a full scale program, some funding is provided for each child served, unlike the resource based formulas which distribute funds based on units.

Weighted formulas do not address program cost unless weights are indexed to differential costs of student programs, and no provisions are inherent to account for differences in local fiscal capacity. If planned effectively, pupil weighting formulas can be easily coordinated with general education funding systems. However, recordkeeping must be at the student level and can be burdensome if the formula requires a detailed accounting of student time.

Cost based formulas. Cost based formulas include percentage and excess cost mechanisms and according to Hartman (1980) are least likely to result in misclassification of students since labelling is not required. However, these formulas can provide an incentive to overclassify students as generally districts are reimbursed no matter how many programs they implement, and regardless of their total expenditures. Costs can be controlled through the use of cost ceilings or specification of allowable costs for reimbursement. Moore, Walker and Holland note that cost based formulas are effective for addressing student and cost variations among districts. They are also favorable for district planning but may be burdensome for administrative and reporting purposes. Cost based formulas do not generally provide an incentive for a particular type of placement except if the amount reimbursed differs by program. Cost based formulas are not frequently used for funding other State education programs.

Although some work in this area has been conducted (e.g., RTI, 1987) research has not documented a direct or systematic effect of the various funding formulas on special education service delivery systems. Nevertheless, it seems apparent that the selection of a specific funding mechanism could have a significant impact on special education practices within a State. The incentives and disincentives inherent in a particular type of formula can be controlled to some extent by the introduction of regulations or other provisions such as a requirement that funds must be targeted on specific pupils or programs (see Appendix Table A.7). Additional factors can be introduced to control for inequities among school districts which may result from differences in local fiscal capacity or the population served (see Appendix Table A.4). The use of these additional provisions adds to the uniqueness and complexity of State funding formulas and exacerbates the difficulties for State policymakers faced with selecting or evaluating a State's special education finance program. Criteria for assisting policymakers with this task are discussed in the following section.

Implications for State Policymakers

Given that each of the funding formulas can be manipulated to result in the same allocation to school districts, how do State policymakers select the best formula for their State? The preceding discussion described how each of the five formula types can provide incentives and disincentives to districts in terms of the provision of programs and services. Each of these possibilities must be evaluated to determine the potential impact on special education practices within a State, and policymakers must prioritize the issues that are important to their particular situation. Bernstein, Hartman, Kirst and Marshall (1976) identified eight decision criteria to assist policymakers in selecting an appropriate special education funding approach. Moore, Walker and Holland (1982) expanded those eight factors to provide 12 criteria against which State funding formulas might be evaluated:

- **Compatibility with other State funding policies and practices.** Methods which do not differ significantly from existing State approaches are likely to receive the greatest acceptance. Also, formulas which fund different programs in a similar manner can provide a comprehensive system of education funding within a State. Pupil weighting or personnel and classroom unit formulas that are used to distribute resources for all education programs (e.g., general education, special education, vocational education, etc.) meet this criterion.

- **Rationality and simplicity.** The funding formula should be easy to understand and should present logical and direct relationships among the key policy elements, such as the numbers of children with handicaps, personnel required, or actual costs of programs. Complex formulas which include multiple factors can render the decision-making process less efficient.

- **Ease of modification.** Funding formulas should self-adjust or be easily adjusted to accommodate changed rates of inflation or additional cost information. Formulas which are based on costs adjust for cost increases or inflation automatically. Pupil weighting formulas can also be adjusted easily by using a base rate that changes annually with the rate of inflation. However, the availability of new cost information may result in changes to the cost factors included in pupil weighting schemes and may require reworking the entire formula as such information becomes available.

- **Influence on student classification.** To some extent all of the funding formulas have the potential to result in the overclassification of students although flat grant and weighted pupil formulas are most likely to result in overclassification because they rely on a count of students. Some formulas may also encourage the misclassification of

students if the State reimburses proportionately more for some categories of students than others. Pupil weighting schemes are the most likely to result in misclassification while cost based formulas provide no incentive to misclassify students. Policymakers should try to avoid incentives which might influence classification on other than student characteristics.

- **Reinforcement of least restrictive placement.** Some funding formulas may appear to reward placements in more restrictive settings by providing a high reimbursement rate. Funding should be a neutral factor in deciding a child's placement.

- **Avoidance of categorical labels.** Many funding formulas rely on the use of categorical labels for the distribution of resources to school districts. Funding formulas which utilize placement or service configurations reduce the need to label children for non-educational purposes.

- **Accommodation of varying student needs across districts.** Policymakers may want the funding system to address the fact that districts vary in the number and characteristics of students requiring special education.

- **Accommodation of cost variations.** Various factors may result in cost differences among districts within a State (e.g., economies of scale, price variations). If desirable, these differences can be accommodated in the funding formula by including, for example, a cost-of-living index.

- **Adjustments for fiscal capacity.** Most States do not support the total costs of special education, sometimes requiring local districts to fund a large proportion of special education programs. Differences among districts in their ability to support education can prove a source of inequity. Some argue that failure to equalize special education funding can result in revenues falling short of meeting the necessary levels of expenditures and may lead to encroachment of funds distributed for general education programs.

- **Funding predictability.** The ability to predict appropriate levels of resources promotes effective planning and stability at both the State and local level. Formulas that accommodate variability in the required level of resources are favored by districts because they ensure local budget predictability. At the State level, however, policymakers prefer to minimize annual variations in State fiscal

obligations. Moore, Walker and Holland note that purely cost-based formulas probably offer the greatest predictability for districts and the least for States.

- **Containment of special education costs.** Funding formulas can encourage efficiently operated programs, particularly if some of the cost burden is placed on local districts. The addition of factors such as cost ceilings can also assist in controlling escalating costs. Cost-based formulas are the least likely to promote cost containment.

- **Minimized reports, recordkeeping and State administration.** Some amount of recordkeeping, monitoring, and reporting is required for all funding formulas, but some types require more than others. For State and local agencies, cost-based formulas have the heaviest recordkeeping burden as they typically require line-item accounting and reporting.

Clearly, a single funding formula cannot accommodate all of these criteria; tradeoffs are required. State policymakers must determine the areas that are most important in their State, articulate the goals of their State funding program and develop appropriate policies which will meet State goals. As State goals change, the funding system may also require change.

The following chapter provides an abstract of each State's 1988-89 special education funding formula. Individuals in each State who may be contacted for greater detail regarding a State's formula are provided in Appendix B. A list of studies that have recently been completed in States regarding their special education finance systems is provided in Appendix C and a bibliography of selected literature related to special education finance is provided in Appendix D.

II. ABSTRACTS OF STATE SPECIAL EDUCATION FUNDING FORMULAS

This chapter provides for each State, a description of the State funding mechanism used to distribute State resources for special education programs and services provided by local education agencies during the 1988-89 school year. The abstracts included in this chapter are updated from those provided in a 1982 NASDSE publication (NASDSE, 1982). In updating that document, an abstract describing each State's special education funding formula as included in the 1982 publication was sent to the respective State director of special education to determine its current accuracy. Information was requested to enable the abstract to be updated to reflect the funding program in place for the 1988-89 school year. Special education administrators in all of the 50 States and the District of Columbia reviewed the 1982 abstracts with close to 80% requesting revisions. While many of the revisions reflect changes to the formulas since 1982, some only clarified the description of a State's funding program. The updated abstracts were verified with a State contact person, the names of which are provided in Appendix B for those needing further information on specific State funding formulas. The abstract for each State follows.

ALABAMA

The State of Alabama uses a flat grant per teacher unit formula to distribute special education aid as an integral component of its minimum foundation program. Special education teacher units are allocated to school districts based on a weighted child count and total number enrolled. Each teacher unit receives a salary allotment according to a salary schedule which is based on rank of certificate. The allocation also includes transportation for special education. For 1987-88, 3,500 special education teacher units were allocated.

A separate appropriation is made for special schools for special education. These schools are not funded through the minimum program.

A fixed appropriation ($23,400,161 for 1988-89) is also made for special education activities that do not fit into the teacher unit category, such as removal of architectural barriers, and therapeutic, assessment, and support services.

ALASKA

The State of Alaska distributes special education aid on an instructional unit basis. Each student enrolled in a special education program generates instructional units depending on the type of services received by the student, as follows:

Resource Services	0.056
Self-contained Services	0.100
Intensive or Hospital/ Homebound Services	0.333

Each district receives a minimum of 1.00 instructional unit for special education. Each instructional unit generates a specific amount of funds, determined on an annual basis by the legislature.

ARKANSAS

The State of Arkansas administers its special education aid using a weighted pupil formula which also includes provisions for funding regular education, vocational education and gifted and talented programs.

For each district, weighted average daily membership is computed based on the district's average daily membership plus "add on" weights for special education, vocational education, gifted and talented, and small schools. (The weighting for small schools is being phased out over 5 years, such that no weighting will be allowed for small schools beginning in the 1988-89 school year.) The "add-on" weights for special education students are based on the type of setting in which services are received:

Itinerant	.40
Resource Room	.85
Self-contained (Ratio 1-15)	.70
Self-contained (Ratio 1-10)	1.10
Special School, Day	2.35
Special School, Residential	3.10

ARIZONA

The State of Arizona distributes special education aid using a weighted pupil formula which is part of a system used for distributing regular education funds and funds for other categorical programs, including bilingual and vocational education. Several weighting factors are included in the formula. First, each district receives a base rate which itself is weighted according to district size. The base weight for a district with a total student count of more than 100 but less than 500 in grades K-8 is 1.268. The weight for a district with fewer than 100 students in grades K-8 is 1.384. Districts with enrollments of greater than 500 students in grades K-8 and 9-12 receive a base rate of one (1).

For special education, a weight is added to the district's base weight and multiplied by the student count in grades K-8 or 9-12. The result is the weighted student count, which is used to calculate the district's State aid. Weights for special education students fall within two groups as follows:

Group A

Weights included in this group are applied to the prior year's total school population to generate funds for students classified as learning disabled, emotionally handicapped, educable mentally retarded, in need of remedial education, speech handicapped, homebound, bilingual, and gifted. The weight for students in grades K-8 is .158; for 9-12 it is .105. Funds generated under this group are distributed as a block grant to the district and need not be targeted to the specific students generating the funds, provided that all eligible students receive appropriate services.

Group B

Students falling within Group B generate funds through weights which are also applied to the prior year count of students served, but by category. These weighted categories include:

Vocational Education I	0.051
Vocational Education II	0.222
Hard of Hearing	2.312
Multiple Handicapped-Resource	0.762
Multiple Handicapped-Self-contained	2.368
Multiple Handicapped-Severely Sensory Impaired	4.000
Physically Handicapped-Resource	0.603
Physically Handicapped-Self-contained	2.648
Trainable Mentally Handicapped	2.042
Visually Handicapped	2.900
Seriously Emotionally Handicapped	1.500

Finally, the total weighted student count is weighted by a teacher experience index which accounts for the number of aggregate years of experience of the district's teachers.

CALIFORNIA

The State of California utilizes a complex formula to distribute special education funds to LEAs that essentially provides a flat grant per allowable instructional unit. The formula was designed to account for differences among LEAs in costs and the needs of the students they serve. Each Special Education Local Plan Area (SELPA, a regionalization of services) may receive State special education funding for a maximum of ten percent of its total K-12 enrollment. SELPAs are further limited to the percentage of students that can be served within three types of instructional settings, as follows:

Special Day Classes	2.8%
Resource Specialist Programs (a pullout program)	4.0%
Designated Instruction and Services (special services or related services)	4.0%

The SELPA divides the number of authorized students in each instructional setting by a figure that can be viewed as an overall student-teacher ratio, to determine the number of funded units (classes) in each instructional setting to which the SELPA is entitled. The student-teacher ratios for each instructional setting are:

Special Day Classes	10
Resource Specialist Programs	24
Designated Instruction and Services	20

The amount of funds each LEA receives for its allowable instructional units is based on reported 1979-80 personnel costs for each type of instructional setting. Those costs, adjusted annually for inflation, are used to determine each LEA's unit rate which varies widely among school districts. The unit rate determines each LEA's entitlement for direct instructional services.

LEAs are also entitled to funding for support services which cover direct and indirect operating costs. The amount of funds to which each LEA is entitled is determined by the ratio of the LEA's 1979-80 support costs to its 1979-80 instructional personnel costs which were adjusted for SELPAs that were above the statewide average. This support service ratio is multiplied by the LEA's entitlement for instructional personnel to determine the LEA's support services entitlement.

Additional funds are available for districts with special circumstances, such as population sparsity or density, or enrollment growth.

COLORADO

The State of Colorado administers a percentage cost reimbursement formula to distribute special education funds. Administrative units are entitled to reimbursement for 80% of the salaries of special education personnel, staff travel, equipment, and tuition of children in State approved programs with approved excess costs. When the appropriation by the legislature is less than the aggregate of approved applications, the funds are prorated.

The reimbursement for personnel is tied to the amount of time the employed staff work in a special education assignment. Thus, staff are counted on an FTE basis. There are specified pupil/staff ratios for handicapping conditions which serve to limit the number of eligible FTE staff who can be counted for reimbursement. There are also adjustment factors for population sparsity, turnover rate, out-of-home placements, and the severity of the population served.

CONNECTICUT

The State of Connecticut administers an excess cost reimbursement formula where school districts are reimbursed for between 30% and 70% of their net cost of special education for the preceding year. The net cost of special education is defined as "the result obtained by subtracting from the expenditures ... the total amount of any funds from other State or Federal grants, private grants or special education tuition ... used to implement special education programs..."

The percentage reimbursement received by each town is based on a general education equalization aid formula which ranks towns on their ability to pay for education based on their assessed property values. Thus, the wealthiest towns receive 30% of their net cost from State aid and must pay 70% from local revenues, while the least wealthy districts can receive as much as 70% of their excess costs and contribute only 30% from local sources. The average reimbursement is 56%.

Recently implemented "catastrophic costs" legislation requires that districts be financially responsible for the reasonable costs of special education instruction in an amount equal to five times the average per pupil educational costs of the district for the prior fiscal year. The State Board of Education would pay on a current year basis any costs in excess of the local district's basic contribution.

DELAWARE

The State of Delaware administers a special education reimbursement program based upon enrollment units. These units are calculated by the State Board of Education and are based on the total enrollment in the district as of the last day of September. The sum of all units of all programs in a district are multiplied by 93% which becomes the district's "guaranteed unit count."

The teacher/pupil ratios for special education instructional units are as follows:

Educable Mentally Handicapped	1:15
Socially or Emotionally Maladjusted	1:10
Learning Disabilities	1:8
Blind	1:8
Autistic	1:4
Severely Mentally Handicapped	1:6
Orthopedically Handicapped	1:6
Trainable Mentally Retarded	1:6
Intensive Learning Center Units	1:8.6
Partially Sighted	1:10
Partially Blind	1:8
Partially Deaf	1:6
Deaf-Blind	1:4
Homebound	full cost paid by State

DISTRICT OF COLUMBIA

The District of Columbia Public Schools is considered to be a single SEA/LEA and is unique in its governance and funding. There is no special education funding formula.

FLORIDA

The State of Florida administers a weighted pupil formula, the Florida Education Finance Program (FEFP), which accounts for varying local property tax bases, cost factors, cost differentials among districts and differences in per student cost for equivalent educational programs due to sparsity and dispersion of student population. FEFP funds are generated by multiplying the number of full-time equivalent (FTE) students in various types of educational programs by cost factors to obtain weighted FTEs. Weighted FTEs are then multiplied by a base student allocation which is established annually by the legislature. Program cost factors are also determined by the legislature. For 1988-89, the special education cost factors are as follows:

Educable Mentally Handicapped	2.182
Trainable Mentally Retarded	3.010
Physically Handicapped	3.812
Physical and Occupational Therapy (Part-time)	8.543
Speech, Language and Hearing (Part-time)	5.901
Speech, Language and Hearing	3.476
Visually Handicapped (Part-time)	13.946
Visually Handicapped	4.989
Emotionally Disturbed (Part-time)	4.005
Emotionally Disturbed	2.896
Specific Learning Disability (Part-time)	3.402
Specific Learning Disability	2.241
Hospital and Homebound (Part-time)	10.592
Profoundly Handicapped	4.513
Gifted (Part-time)	2.059

Students may be weighted in more than one category to a maximum of 25 hours per week if they receive services under more than one category.

GEORGIA

The State of Georgia administers a weighted pupil formula, Quality Basic Education (QBE) funding, to distribute funds for all instructional programs, including special education. QBE funds are generated by multiplying the number of full-time equivalent (FTE) students in various types of instructional programs by program weights. The weighted FTEs are then multiplied by a base program amount established annually by the legislature. The program weights are reviewed triennially by a task force appointed by the Governor. For 1988-89, the special education program weights are as follows:

Category I: Self-contained Specific Learning Disabled and Self-contained Speech-language Disordered	2.415
Category II: Mildly Mentally Handicapped	2.872
Category III: Behavior Disordered, Moderately Mentally Handicapped, Severely Mentally Handicapped, Resourced Specific Learning Disabled, Resourced Speech-language Disordered, Self-contained Hearing Impaired and Deaf, Self-contained Orthopedically Handicapped, and Self-contained Other Health Impaired	3.628
Category IV: Deaf-blind, Profoundly Mentally Handicapped, Visually Impaired and Blind, Resourced Hearing Impaired and Deaf, Resourced Orthopedically Handicapped and Resourced Other Health Impaired	5.735

Additional funds are provided to districts to pay the State minimum salaries, based on the training and experience of the district's certificated professional personnel in each instructional program.

HAWAII

The State of Hawaii is unique because it operates as a single school system. There is no prescribed funding formula. Rather, the legislature negotiates a biennial school budget based upon the expressed and demonstrated need presented by the State Department of Education. Each program within the department then administers its appropriations within the sub-districts of the islands. The distribution of the appropriations is made according to a specific plan which must be developed annually by the program office and approved by the State Superintendent of Education.

IDAHO

The State of Idaho administers a resource based funding program to distribute State special education aid, which has two major components. First, 80% of the salaries of ancillary personnel (school psychologists, social workers, audiologists, supervisors and directors of special education, consulting teachers, and psychological examiners) are reimbursed according to their placement on each district's regular teacher salary schedule. Staff to student ratios for ancillary personnel are established in State regulations. Teacher aides are also funded at 80% of an amount established by the State Board of Education ($6,800 for 1988-89), but are approved for reimbursement only when the caseload of special education students exceeds the following:

Resource Program	15 or more students
Self-contained Program, moderate	15 or more students
Self-contained Program, severe	8 or more students

The second component of Idaho's special education funding program is the exceptional education support program which provides a fixed rate reimbursement to districts for special education units, based on pupil-teacher ratios established for each program model, as follows:

	Without Aide	With Aide
Resource Program	12	16
Self Contained Program, moderate	12	16
Self-Contained Program, severe	6	10
Communication Disorders Specialist	6	NA

A maximum of 3.5% of a district's school-age population identified as learning disabled can be counted for funding of support program units. Also, funds received under this program component can be used to pay the district share (20%) of ancillary personnel salaries.

A separate funding mechanism is used to reimburse school districts for contracts for special education services with another agency. For such contracts, a maximum amount of State funds for reimbursement is determined annually by the State Department of Education.

ILLINOIS

The State of Illinois administers a flat grant per teacher formula to distribute funds to school districts or cooperatives to assist in paying salaries of personnel hired to provide special education services. Districts are reimbursed for personnel salaries as follows:

- Hospital/homebound instruction for physically handicapped children - one-half of the teacher's salary, but not more than $1,000 annually per child or $8,000 per teacher, whichever is less.
- Readers for the blind or partially sighted - one-half of their salary, but not more than $400 annually per child.
- Non-certified employees - the lesser of one-half of the salary or $2,800 annually per employee.
- Professional personnel - $8,000 per special education certified teacher, State approved special education director, related services provider, registered therapist, professional consultant, and special education administrator or supervisor.

In addition to personnel salary reimbursements, the following special education funding is provided:

- To assist school districts in paying the costs of tuition for students placed by the district in approved day or residential nonpublic schools in the State, and public and nonpublic schools outside the State. School districts are required to pay the actual cost of tuition and related services provided, or $4,500, whichever is less. Districts are reimbursed by the State for tuition which exceeds the district per capita tuition rate, up to $4,500. If the tuition exceeds $4,500, the district pays a second amount equivalent to their per capita tuition rate and the State reimburses the remaining cost.
- To assist school districts in paying the costs of educational programs for handicapped students who require extraordinary special education facilities and/or services. Reimbursement is provided for the per capita cost of educating these children for the amount which is in excess of the district per capita tuition charge for the prior year or $2,000, whichever is less.
- Reimbursement for the actual costs of educating handicapped children who reside in orphanages, foster family homes, children's homes, or State housing units, or if such children attend special education classes maintained by the school district.
- Reimbursement for 4/5 of the cost of transportation for each child who requires special transportation service in order to take advantage of special education facilities.

INDIANA

The State of Indiana administers a weighted pupil formula to distribute special education resources, with specific weights assigned to individual categories of handicapping conditions. Some weights also acknowledge the placement used (e.g., self-contained, resource, etc.), as follows:

Multiple Handicapped	2.37
Physically Handicapped	2.04
Visually Handicapped	2.70
Hearing Impaired	2.73
Emotionally Disturbed (full-time, self-contained class)	2.52
Emotionally Disturbed (all others)	0.94
Neurologically Impaired/Learning Disabled (full-time, self-contained class)	1.59
Neurologically Impaired/Learning Disabled (all others)	0.94
Communication Handicapped	0.19
Educable Mentally Retarded	1.20
Trainable Mentally Retarded	1.51
Severely/Profoundly Mentally Retarded	2.37
Homebound	0.57

These weights are add-on calculations for children in approved programs. Eligible children are also included in the basic aid formula.

IOWA

The State of Iowa uses a weighted pupil formula to distribute aid for special education instructional programs, which is integrated into the total educational finance system of the State. Pupils in a regular curriculum are assigned a weight of 1.0. For special education students, the 1988-89 weighting scheme is based on three program models, as follows:

Special adaptations to regular classroom	1.7
Resource room (maximum teacher-pupil ratio of 1:18)	1.7
Special class with integration (maximum teacher-pupil ratio of 1:12 or 1:15)	1.7
Self-contained placement with minimal integration (maximum teacher-pupil ratio of 1:8 or 1:10)	2.2
Self-contained placement with no integration (maximum teacher-pupil ratio of 1:5)	3.6

A pupil requiring special education is assigned one of the three weights and generates special education funds at that weight times the district cost per pupil, which varies from district to district.

A network of 15 intermediate districts provides special education support services to the identified handicapped population. Such services include special education supervision, therapeutics, speech, social workers, consultants as required, and other support services. Funding for support services is determined by a per pupil cost for each intermediate agency and the district's weighted enrollment.

KANSAS

The State of Kansas distributes special education aid to school districts on a unit basis. A "unit" is defined as one full-time equivalent (FTE) teacher, administrator, or related services professional or paraprofessional. For funding purposes, paraprofessionals are counted as 2/5 FTE special teacher.

The legislature makes an annual appropriation for special education from which is subtracted reimbursements to school districts for student transportation and staff travel allowances. Reimbursement of up to 80% of actual expenses (up to $600) incurred for the maintenance of an exceptional child at some place other than the residence of such child for the provision of special education services is also subtracted from the annual special education appropriation.

From the remainder, funds are distributed to districts based on the proportion of FTE special teachers in each district to the total number of FTE special teachers employed by all school districts. Note that special teachers in excess of the number of special teachers necessary to comply with authorized pupil-teacher ratios are not counted for funding purposes.

KENTUCKY

The State of Kentucky administers its State aid for special education on the basis of units. The exceptional child units are allocated by the legislature in its biennial sessions and are part of the minimum foundation program. The units are requested of the legislature based upon incidence and child count information submitted by the SEA and are administered within class size standards established by the SEA. Students may be counted in exceptional child unit calculations and in other units. In addition, using a complex formula set forth by the legislature, the exceptional child units generate other supervisory units.

LOUISIANA

The State of Louisiana administers a resource based formula to distribute special education funds to school districts. Teachers are funded based on State-established pupil-teacher ratios. Special education supervisors are funded at the rate of one per district; aides, speech therapists, and occupational and physical therapists are funded based on staff-student ratios; assessment teachers, school psychologists and school social workers are funded based on the total number of regular and special teachers in public schools and on the membership in non-public schools; and special education bus attendants for buses on which eligible children are transported are funded at a fixed rate for all approved attendants.

Additional funds are provided on request of districts for transportation, lifts for buses, equipment and supplies, appraisal, occupational therapy, and physical therapy. These funds are distributed on a first come, first serve basis. Supplemental funds are also available for hospital/homebound teachers.

MAINE

The State of Maine administers a special education subsidy formula which provides a percentage subsidy to school districts for specified costs. The special education costs which are subsidized include the salary and benefits of certified professional personnel (administrators, teachers, and educational specialists assigned to provide or administer special education services), approved assistants or aides, clerical staff, and qualified independent contractors performing special education services or supportive services.

Costs are also subsidized for tuition, board, and supportive services paid to other school units or private schools which have been approved by the Commissioner for the provision of special education and supportive services.

Subsidy on these costs are based on two year old costs. The State subsidizes the costs of programs and services for State wards and State agency clients at 100% of costs. These costs are subsidized in the year the program is provided.

Local districts are required to provide at least 45% of the costs, depending on assessed property value, while the State subsidy provides the remainder.

MARYLAND

The State of Maryland administers an excess cost formula to distribute special education funds, using a two-tiered approach. The first tier, developed in 1977, distributes a flat $70,000,000 on a grant basis resulting in an average 70% State and 30% local revenue contribution. The distribution formula is designed to equalize the local contribution based on property wealth, and to apply a cost index bringing counties up to the Statewide median per pupil expenditure while freezing those who exceed the median.

A second tier was developed in response to recommendations made by a 1986 task force that studied State special education funding. Any additional funds for special education which may be appropriated by the legislature on an annual basis ($6 to $7 million in the past two years) are distributed according to several task force recommendations: 1) enrollment data representing the total number of handicapped children, 0-21, served by each local school system, and 2) an equalization component which consists of a ratio of county wealth per pupil to the average State wealth per pupil.

MASSACHUSETTS

The Commonwealth of Massachusetts administers a State aid formula for special education reimbursement which includes a weight index as an integral component of the basic foundation program.

For any and all special education pupils, irrespective of delivery model, a weight of 4.0 is assigned. This weight is then included as a multiplier, along with the assigned weights for other specially designated programs, in the district's calculations of its total weighted FTE which becomes the basis for State aid.

MICHIGAN

The State of Michigan administers an excess cost formula to distribute categorical special education aid to school districts. Total approved direct special education costs plus indirect costs for operation and maintenance (up to 15% of direct costs) are calculated. From this amount is subtracted general per pupil membership aid, calculated on an FTE basis for students enrolled in special education programs, to determine added costs.

The added cost is funded by the State at variable percentage rates based upon available funds. For State or court placements, up to 100% may be paid. For other services, the added cost has been reimbursed at 18% to 20% for the past few years.

In addition to these funds, an additional millage is applied on a county basis for the administration of the intermediate school districts. The revenues from this county tax are distributed uniformly to all districts in the county to be used for special education programs and services. Michigan has 58 intermediate education units called ISDs. The intermediate districts also provide direct and support services for the county districts. Each ISD levies a voted tax which supports ISD activities. Most of the ISDs also distribute a portion of the tax to local districts to be used for special education.

MINNESOTA

The State of Minnesota administers a resource based formula in which school districts are reimbursed for a fixed percentage of personnel salaries, instructional supplies and equipment, individual student services under contracts with other agencies, and residential placements. For school district programs, the 1988-89 reimbursement percentages are as follows:

- Personnel Salaries - 66% of salary expenditure, not to exceed $18,400 in aid. Full-time employees with salaries in excess of $27,878 are subject to the $18,400 aid limitation. Part time salaries are prorated accordingly. Districts are authorized to levy for the difference between the cap of $18,400 and the full 66% of salary.

- Personnel Contracts - For personnel not employed by the district, 52% of expenditure.

- Instructional Supplies - 47% of the cost of instructional and equipment supplies, materials, and equipment, not to exceed an average of $47 of aid per handicapped child as determined by a duplicate child count.

- Contracted Services for Individual Students - 52% of the difference between the cost of the program and general education revenue earned by the student. For school term 1988-89 the general education revenue is $2,755 per pupil unit for elementary students, 0.5 up to 1 unit for early childhood and 1.35 units for secondary students.

MISSISSIPPI

The State of Mississippi distributes special education aid based on approved teacher units. An annual State appropriation reflects an allocation of a specific number of teacher units, based on an estimate of the number of teachers which will be needed in the following year.

Funding for an approved special education unit is based on the teacher's salary, fixed charges, and support services. The level of preparation and experience of each teacher and the current level of funding for supportive services are the basis for the amount allocated per teacher unit. Special education teacher units are allocated as an integral part of the basic funding formula and are in addition to "regular" teacher units earned based on the average daily attendance of students.

MISSOURI

The State of Missouri distributes funds for special education programs based on a flat grant per approved class of students. Funds received for special education programs are in addition to the amount received from the basic per child foundation program. In 1988-89, special education funds were distributed as follows:

- o $14,695 for each approved class of children except for classes of remedial reading which are funded at $8,575.[1]

- o For programs for children between the ages of three and five, the reimbursement rate is 1/2 the rate for school-age classes.

- o For each professional staff member other than classroom teachers, $7,000 is provided, with an increase of one thousand dollars in 1989-90; thereafter, the annual adjustment is the same percent that the appropriation of State funds for the school foundation program is changed from the previous year.

- o $3,500 for each full-time teacher aide, with an annual increase of $500. After 1989-90, the amount is increased based on the change to the school foundation program.

- o For each homebound student, $1,400 is provided, with a $200 annual increase through 1989-90. After 1989-90, the amount is adjusted annually based on the change to the school foundation program.

- o One dollar is provided for each child under 21 enumerated on the annual census of students with handicaps.

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[1] The rates of reimbursement for these classes are adjusted annually by the same percent that the appropriation of State funds for the school foundation program is changed from the previous year.

MONTANA

The State of Montana administers a percentage cost formula which is based on a biennial appropriation from the legislature, earmarked as a special education budget. "Approvable" allowable cost requests are submitted to the Office of Public Instruction (OPI) by local districts and Full Service Special Education Cooperatives. The OPI then allocates the available special education revenues utilizing a two-tiered priority funding system.

Salaries for special education resource and self-contained teachers, school psychologists, speech therapists, travel related to the services offered by these personnel, and out-of-district residential costs for educational services are classified as priority 1. In 1988-89, State funding of priority 1 costs was 91%.

Priority 2 costs include all other allowable costs, such as salaries for related services providers, support and supervisory personnel, and contracted services. In 1988-89 the State supported 36% of the total approvable allowable cost requests submitted by local districts and cooperatives under priority 2.

NEBRASKA

The State of Nebraska administers an excess cost formula in which school districts are reimbursed for a percentage of the allowable excess cost of the preceding year's special education programs. Excess cost is defined as the amount in excess of an adjusted average per pupil cost established by the district. Allowable excess costs include:

- Salaries of certified and licensed personnel, supervisors, and aides;
- LEA share of fringe benefits;
- Special education in-service costs;
- Personnel travel costs;
- Equipment, supplies and publications;
- Contracts with other agencies within and outside the districts; and
- Restricted capital outlay.

Districts provide special education programs by levels of service, as follows:

- Level I - special education supportive services in which a student may participate for up to 3 hours per week;
- Level II - special education classroom programs in which a student attends for more than 3 hours per week, but is less than full-time;
- Level III - contracted services with approved vendor agencies; and
- Special education programs offered during the summer.

In each fiscal year subsequent to 1987-88, school districts will be reimbursed for 90% of allowable excess costs for all services and programs other than Level I services. Allowable excess costs for Level I services will be reimbursed on a declining scale until 80% has been reached, and thereafter reimbursement for Level I services will continue at the 80% rate.

Preschool programs and transportation programs are paid concurrently at 90% reimbursement of approved costs.

NEVADA

The State of Nevada administers a flat grant per unit funding mechanism to distribute special education aid, as an integral factor in the Nevada Plan, the program used to finance elementary and secondary education in the State.

Special education is funded on an instructional unit basis, at a legislatively approved amount per unit. A unit is defined as an organized instructional unit which includes the full-time services of licensed personnel providing an instructional program in accordance with minimum standards prescribed by the State Board of Education. The special education unit appropriation is added to the total basic support per district to provide a guaranteed amount of funding to a local school district.

Special discretionary units are reserved by the State Board of Education for distribution to districts on a special need basis.

NEW HAMPSHIRE

The State of New Hampshire administers an equalized weighted pupil formula to distribute State aid for elementary and secondary education programs, including special education and vocational programs.

The weights assigned to educationally handicapped children are designed to reflect the differences in education costs among the classifications of educationally handicapped children when compared to the average current operating expenditure to educate a resident pupil in grades K-8 who is not educationally handicapped. An elementary student who is not educationally handicapped carries a weight of 1.0. For educationally handicapped students weights are assigned by program, as follows:

In-district, within a self-contained special education classroom	2.57
In-district, without placement in a self-contained special education classroom	2.12
Out-of-district day placement	7.08
Residential placement	8.72
Preschool day placement	3.37

In calculating the amount of State aid to which a district is entitled, an equalization formula is applied to the weighted pupil count to reflect three factors, the property wealth, the personal income wealth and the tax effort of a school district.

In addition, the State appropriates at least $1,000,000 annually to assist school districts in meeting catastrophic costs in their special education programs. Catastrophic aid is available for students for whom the costs of special education exceed 3 1/2 times the State average expenditure per pupil. The amount of catastrophic aid which a district can receive is calculated using an equalized formula and may not be more than 80% of catastrophic costs exceeding 3 1/2 time the State average expenditure per pupil.

NEW JERSEY

The State of New Jersey administers a weighted pupil formula to distribute State aid for special education. The weights listed below for each of the program categories are multiplied by pupil incidence in each of the programs. The resulting "categorical aid units" are multiplied by the State base allocation to determine the level of State special education funding which is additional to general education aid. Weights are adjusted annually, and for 1988-89 include the following:

Educable Mentally Retarded	.41
Trainable Mentally Retarded	.70
Orthopedically Handicapped	.74
Neurologically Impaired	.48
Perceptually Impaired	.21
Visually Handicapped	1.97
Auditorially Handicapped	1.33
Communication Handicapped	.61
Emotionally Disturbed	.69
Socially Maladjusted	.45
Chronically Ill	.54
Multiple Handicapped	.77
Preschool Handicapped	.31
Resource Room	.60
Private Schools for the Handicapped	.84+ cost factor of handicapped program above
Supplementary and Speech Instruction	.08
Homebound Instruction No. of Hours x	.005

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(NJ Continued)

State Facilities

Residential Facilities for Retarded	2.07
Day Training Center	2.85
Residential Youth Center	1.67
Training School or Correctional Facility	.50
Child Treatment Centers of Psyc. Hosp.	1.24

NEW MEXICO

The State of New Mexico administers its State aid for special education based upon a formula of weighted program and pupil units. Special education program units are based on the amount of teacher time required to deliver services, and are divided into four classifications (A,B,C,D). Each classification has a cost differential factor.

For Class A and B programs, (itinerant and resource programs) the number of approved programs is multiplied by the cost factor of 20. For Class C programs (for moderately handicapped students) the average daily membership (ADM) is multiplied by a cost factor of 1.9. The ADM in Class D programs (for severely handicapped) is multiplied by the cost differential of 3.5.

Student-teacher ratios are established for each program classification, and an instructional staff training and experience index is also applied. The weighted program units are multiplied by a base program unit value per pupil to determine each district's allocation. The base program unit value is determined annually by the legislature.

NEW YORK

The State of New York administers a weighted pupil formula which is based upon intensity of service rather than on handicapping condition. Although a special education pupil does not have to be enrolled in a special class or resource program to generate special education aid, the student must be provided some special education services or approved related or support services to qualify for the additional aid. Weights, which are <u>not</u> adjusted on an annual basis, include:

60% or more of each school day in a special class	2.70
60% or more of each school day with special services or programs	2.70
Home or hospital instruction for a period of more than 60 days	2.70
20% or more of each school week in a resource room	1.90
20% or more of each school week with special services or programs	1.90
100% of each school day in a regular class with specially designed individualized instruction provided by or in consultation with a teacher of special education, and related services as needed	1.80
Two or more periods each week of special instruction either in speech or in another special program or service	1.13

NORTH CAROLINA

In North Carolina, State funds for special education are additional to basic education aid which is based on average daily membership of school districts. Funds for exceptional education (which include both special education and programs for the academically gifted) are distributed on a per child basis determined by dividing the total available State exceptional children funds by the June 1 headcounts of handicapped and academically gifted students. Each district's allocation is determined by multiplying the per child amount by the total handicapped and academically gifted headcounts.

The counts of handicapped exceptional children in each local school district are limited to 12.5% of the average daily membership.

NORTH DAKOTA

The State of North Dakota administers a funding formula in which school districts are reimbursed on a flat grant basis for personnel, programs, and services according to a reimbursement schedule. For 1988-89, the reimbursement schedule was as follows:

Director of Special Education	$17,000*
Level I	$12,600
Program Consultant/Coordinator	
(A full-time credentialed supervisor of one specific program area such as educable mentally handicapped supervising six or more qualified special education personnel.)	
Level II	$10,950
(Itinerant personnel serving children and teachers in one or more schools, holding a credential in the area of service.)	
Speech Pathologist (Masters level) Teacher of Children with specific learning disability School Psychologist Social Worker (MSW) Gifted (Masters level) Audiologist (Masters level)	

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*The schedule for director reimbursement is prorated based on school population and the number of high school districts in a special education unit as follows:

3,000 or more	$17,000
2,500 - 2,999	$13,600
2,000 - 2,499	$10,200
1,500 - 1,999	$ 6,800
1,000 - 1,499	$ 0

Multidistrict units under 3,000 students will receive an additional 8% reimbursement for the director's position for each public high school district in the unit. No unit will receive more than 100% reimbursement.

(ND Continued)

Level III — $ 8,200

Classrooms

(A classroom where children receive their major education program with some integration into regular class and school activities)

Emotionally Disturbed
Severely Multiply Handicapped

Level IV — $ 7,550

(Itinerant and classroom personnel serving children in one or more schools, holding a credential in the area of service)

Speech Pathologist (Bachelor's level)
Social Worker (BA)
Adaptive Physical Education
Physical Therapy
Occupational Therapy
Gifted (BS)
Preschool
Visually Impaired
Hearing Impaired
School Psychology Intern

Level V — $ 3,600

Classrooms

(A classroom where children receive their major education program with some integration into regular class and school activities.)

Educable Mentally Handicapped
Trainable Mentally Handicapped

Resource Rooms

(Resource rooms serve a specific group of identified handicapped students who attend regular classes 50% or more of each day and require modified instructional procedures in the resource room and the regular classroom.)

Specific Learning Disabilities
Vocational Special Needs

Continued--

(ND Continued)

Other Services

Tutors in Graduate Training Programs:

Level I (8-14 semester hours)	$ 5,200
Level II (15-completion of credential)	$ 6,350

Teacher Aides $ 2,300

Transportation:

Transportation necessary for a child to attend a special education program may be approved at 60% cost.

Separate applications are to be made for individual or group transportation for out-of-State private/public school placement, in-State private school placement and State operated programs.

Transportation for staff required to travel from school to school:

Less than 35 miles/week	No reimbursement
35-50 miles/week	$165/year
50 miles/week or more	$495/year

Contracted Services:

Funds for contracted services are made available to special education units for student evaluations, physical therapy, occupational therapy, and other support services. The Department of Public Instruction will indicate the dollar amount available to each special education unit in the annual application for program approval.

OHIO

The State of Ohio administers a formula to fund special education programs which is based on special education units. A unit is defined as an instructional program, most of which require a teacher and a minimum number of students. Special education units vary in size depending on the exceptionality served. Nineteen different types of special education units are funded, as follows:

Psychological Services
Special Education Supervisor
Speech and Hearing
Occupational or Physical Therapist
Work Study Coordinator
Vocational-Special Educational Coordinator
Gifted Supervisor
Gifted Teacher
Hearing Handicapped
Orthopedic Handicapped
Visually Handicapped
Multi-handicapped
Learning Disability
Severe Behavior Disorder
Developmentally Handicapped
Adapted Physical Education
Supplemental Services Teacher
Preschool
Orientation Mobility Instructor
Audiology Services

Unit funding is directly linked to a State minimum salary schedule designed to reflect staff training and experience. Approved units for gifted, child study, occupational or physical therapy, speech and hearing, and supervisors and coordinators of special education units are funded at the total of the teacher's salary allowance, plus 15% of the salary allowance for retirement and sick leave, plus $1,525 (for 1988-89) per unit for additional costs.

Approved units for developmentally handicapped and other special education classroom teacher units are funded at the total of the teacher's salary allowance, plus 15% of the salary allowance for retirement and sick leave, plus $7,400 (for 1988-89) per unit for classroom and other expenses.

Supplemental program payments are also made for other special educational service costs including board, transportation and excess costs of home instruction for physically and emotionally handicapped children, at 50% of approved cost.

OKLAHOMA

The State of Oklahoma utilizes a weighted pupil formula for distributing special education aid to school districts. In addition to the base support level per average daily attendance, the following pupil weights are applied based upon the December 1 count each year:

Visually Handicapped	3.8
Learning Disabled	0.4
Hearing Impaired	2.9
Deaf-Blind	3.8
Educable Mentally Handicapped	1.3
Emotionally Disturbed	2.5
Gifted	0.34
Multiply Handicapped	2.4
Physically Handicapped	1.2
Speech Impaired	0.05
Trainable Mentally Handicapped	1.3

In addition, Regional Education Service Centers are State funded at 100% to provide support services such as assessment, educational evaluation, and prescriptive teaching. Homebound programs are funded on an hourly basis.

OREGON

The State of Oregon administers an excess cost reimbursement formula to distribute funds to school districts for special education programs. In addition to basic school support funds, local districts and intermediate units are reimbursed for up to 30% of the approved excess cost of providing special education. Approvable costs for reimbursement include salaries of approved teaching and support personnel, supplies, equipment, and operating costs specified in State regulations. For 1988-89, reimbursement was approximately 10% of approved excess costs.

PENNSYLVANIA

The Commonwealth of Pennsylvania administers a State aid formula for special education which pays to the district all excess costs incurred over the regular per pupil cost of the district.

Each district submits for approval to the State its annual special education budget including all salaries, administrative costs, equipment, supplies, etc. Upon approval, the district can calculate a per pupil ADM expenditure. The difference between that expenditure and the average of the district becomes the basis for State special education aid.

Intermediate units are funded at 100% by the State. The State then claims the per pupil costs from the individual districts receiving support or direct service from the intermediate units.

RHODE ISLAND

The State of Rhode Island administers an excess cost formula which provides funds to school districts for special education personnel, materials and equipment, tuition, transportation, rent, and contractual services, for programs for special education students in fourteen program placements. No reimbursement is provided for expenditures in excess of 110 percent of the State median cost for special education pupils in each placement.

Legislation provides for 100% funding of the excess cost with a minimum 8 percent annual increase. If the appropriation does not equal the total earned, each district is ratably reduced. Currently, the funding level is at 56% of the excess costs.

SOUTH CAROLINA

The State of South Carolina administers a weighted pupil formula to distribute special education aid which is tied to general education funding. A base student cost is established annually by the General Assembly with weights for handicapped students and for vocational programs. Also, kindergarten, primary, and high school students are weighted more heavily than are elementary pupils. Weights for special education are as follows:

Educable mentally handicapped Learning disabled	1.74
Trainable mentally handicapped Emotionally handicapped Orthopedically handicapped	2.04
Visually handicapped Hearing handicapped	2.57
Speech Handicapped	1.90
Homebound	2.10

The formula also establishes maximum class sizes and specifies that 85% of funds be spent on the category of pupils generating those funds. A special appropriation from the legislature is made annually for programs for the profoundly mentally retarded.

SOUTH DAKOTA

The State of South Dakota administers an excess cost formula to distribute State aid for special education. School districts are entitled to 100% reimbursement of expenditures identified as allowable costs for providing special education programs for prolonged-assistance students and 50% of allowable costs for programs for nonprolonged-assistance students. Children in need of prolonged-assistance are defined as those students who are severely to profoundly handicapped while nonprolonged-assistance students include children who are mildly to moderately handicapped or gifted. Allowable costs include salaries and benefits, purchased services, and supplies and materials for instruction; attendance and social services; health services; psychological services; speech pathology and audiological services; improvement of instruction; other school administration; other support services; and planning, research and evaluation for purchased skilled services from cooperative special education units, and for tuition payments to districts within and outside the State.

These special education funds are additional to tuition costs reimbursed to school districts through the general State aid formula. Special education tuition is reimbursed at the 50% level, as are special education transportation costs.

If appropriated State funds are not sufficient to fully reimburse the school districts, each school district is reimbursed on a pro rata basis such that the reimbursement for prolonged-assistance students is at twice the rate of reimbursement for nonprolonged-assistance students.

In addition, a school district's entitlement to special education aid is reduced by one-half if the school district's local tax effort is not equal to one mill levied against its taxable valuation for the second preceding school year.

TENNESSEE

Tennessee administers a weighted pupil formula, the Tennessee Foundation Program (TFP), to distribute funds for regular academic programs, vocational education programs and special education programs. A base per pupil cost level is established annually ($565 for 1988-89), along with a teacher training and experience factor for each school district. Funding is determined by using a weighted student count, the base per pupil cost and the teacher training and experience factor. The weighted student count for special education is determined using the following funding options:

Option 1 a. Consulting Teacher - consults with regular teacher at least twice a month; recommended caseload of 75 students b. Direct Services - less than 1 hour per week; recommended caseload of 75 students c. Related Services - 3 times a year; recommended caseload of 75 students	.378
Option 2 Direct Instructional Services - 1-3 hours per week; recommended caseload of 60 students per teacher, 30 additional students for 1 aide recommended	.474
Option 3 Resource Program - 4-8 hours per week; recommended caseload of 38 students per teacher, 19 additional students for 1 aide recommended	.748
Option 4 Resource Program - 9-13 hours per week; recommended caseload of 21 students per teacher, 11 additional students for 1 aide recommended	1.352
Option 5 Resource Program - 14-22 hours per week; recommended caseload of 12 students per teacher, 6 additional students for 1 aide recommended	2.366
Option 6 Ancillary Person - 4 hours per day; recommended caseload of 2 students	6.482

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Option 7 Development Class/Mainstreamed - 23 or more hours per week; recommended class size of 8 students per teacher, 4 additional students for 1 aide recommended	3.550
Option 8 Self-contained comprehensive Development Class - 32.5 or more hours per week including 2 related services; recommended class size of 5 students per teacher, 2 additional students for 1 aide recommended	6.436
Option 9 Residential Program - 24 hours per day	19.488
Option 10 Homebound/Hospital Instruction - 3 hours per week; caseload of 8 students recommended	3.854

TEXAS

The State of Texas administers a weighted pupil formula for distribution of special education aid, as an integral part of its basic foundation school program. For each full-time equivalent student in average daily attendance in a special education program, a school district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weighting factor according to special education instructional program, as follows:

Homebound/Hospital Class	5.0
Speech Therapy	10.0
Resource Room	2.7
Self-contained, mild and moderate, regular campus	2.3
Self-contained, severe, regular campus	3.5
Self-contained, separate campus	2.7
Multi-district class	3.5
Nonpublic Day School	3.5
Vocational Adjustment Class	2.3
Community Class	3.5
Self-contained, pregnant	2.0

UTAH

The State of Utah administers a weighted pupil formula to distribute funding for special education programs which is based on five levels of service, each of which is assigned a weight approved by the legislature, and generally indicates the intensity/complexity of the services delivered.

Each student's service pattern generates a number of points; these points fall into a range which is assigned to one of the five levels of services. The factors which determine the number of points a student generates include: 1) special education and related service(s) delivered; 2) hours of service(s) delivered weekly; 3) number of aides present when services are delivered; and 4) pupil/teacher ratio during each type of service delivery. The range of points and weightings for each level of services is as follows:

Level	Point Range	Weighting
I	1-65	1.6
II	66-146	2.1
III	147-275	3.4
IV	276-396	4.0
V	397-999	6.2

At year end, the total average daily membership of students in each level is multiplied by the level weighting to determine the number of weighted pupil units (WPU), which is then multiplied by the amount appropriated per WPU ($1,204 for 1988-89) to determine a district's special education funding. District weighted pupil units are also adjusted for district growth and for small schools.

VERMONT

The State of Vermont administers a special education funding program that has three separate components. The first component, mainstream block grants, provides to school districts a portion of their "mainstream service cost". Mainstream service cost is defined as each district's FTE special education staffing multiplied by the statewide average special education personnel salary (calculated separately for teachers and administrators). The number of positions funded at the 60% level by the State is based on maximum caseload limits, as follows:

Resource Room Services	25:1
Learning Specialist Services	25:1
Speech and Language Pathology Services	40:1

The second component of Vermont's funding program, the extraordinary services reimbursement, provides to districts 90% of any eligible expenditures for a handicapped child which exceed three times the elementary education foundation cost per pupil ($3,100 x 3 = $9,300 for FY 1989).

The third component of the funding program is the intensive services reimbursement, which was intended to comprise the largest State share of special education expenditures. This component provides funds to districts for instruction, materials and equipment, related services, transportation, tuition, and administrative support. The percentage reimbursement received by each district is based on its ability to pay. The share level is adjusted annually to assure that the State's share across all three components of the formula does not exceed 50%.

VIRGINIA

The State of Virginia administers a funding program to distribute special education aid to school districts that is additional to aid provided for the basic education program. The amount of special education aid to which a district is entitled is calculated based on the number of instructional positions required using legislatively adopted pupil-teacher ratios by exceptionality, as follows:

	With Aide	Without Aide
Primary EMR		
- Self-Contained	11	9
- Resource	--	24
Elementary EMR		
- Self-Contained	13	10
- Resource	--	24
Junior High EMR		
- Self-Contained	--	15
- Resource	--	24
Senior High EMR		
- Self-Contained	--	17
- Resource	--	24
Trainable Mentally Retarded		
- Self-Contained	10	8
Severely/Profoundly Handicapped		
- Self-Contained	8	6
Physically Handicapped		
- Self-Contained	10	8
- Resource	--	24
Hearing Impaired		
- Self-Contained	10	8
- Resource	--	24
Specific Learning Disabled		
- Self-Contained	10	8
- Resource	--	24
Seriously Emotionally Disturbed		
- Self-Contained	10	8
- Resource	--	24
Speech Impaired		
- Itinerant	--	75

Continued--

(VA Continued)

The number of required instructional positions is multiplied by a linear weighted average of statewide teacher salaries. The State's share of the special education costs is determined for each district based on the locality's ability to pay, and is disbursed as a per pupil amount based on the ADM of all students in the district.

Support costs for handicapped pupils not served in regular day schools are calculated using prevailing per pupil statewide costs. The State then reimburses each school district for such costs based on the locality's ability to pay.

For severely handicapped children placed in public regional programs or in approved private nonsectarian schools for the handicapped, school districts are reimbursed 60% of the tuition rate set by the Board of Education.

WASHINGTON

The State of Washington administers a full cost special education funding system which combines payments for basic education and special education excess costs. The funding system is based on the assumption that the more educational delay a student has the more resources he/she will require. Underlying parameters of the Washington funding system include four educational delay/resource consumption categories for each handicapping condition. The formula is based on certificated and classified staff formula units which are calculated for 14 handicapping conditions using different staffing ratios for each category. A specific learning disabled (SLD) severity factor is also calculated and applied to the staff formula units. The severity factor ranges from a high of 2.71 for a district in which the SLD enrollment is less than or equal to 4% of the district's total enrollment to a low of 1.00 for a district in which the SLD enrollment is greater than 15% of the district's total enrollment. Using the certificated and classified staff formula units, a staff mix factor and district base salary schedules, staff salaries, and fringe and insurance benefits for each district are calculated.

Nonemployee related costs (NERC) are also provided, based on the headcount enrollment in each handicapping category multiplied by an annually established NERC rate ($681 for 1988-89).

Finally, since funding for the basic portion of the special education program is contained within the handicapped formula and handicapped students are reported both for special education aid and the basic education allocation, handicapped FTE enrollment is calculated and subtracted from the basic education formula to avoid duplicate funding.

Thus, for handicapped students, basic education funds are received only for that portion of time that students are <u>not</u> in a special education program. The excess costs of the special education program are fully funded by the State for staff salaries and benefits, as well as nonemployee related costs, as described above.

WEST VIRGINIA

The State of West Virginia administers its State aid for special education as an integral part of its basic State aid formula, the West Virginia Basic Foundation Program. Through this program, the State provides support to school districts for salaries of professional educators and service personnel, fixed charges, pupil transportation, administrative costs, other current expenses, and improvement of instructional programs. Aid is provided to each school district in an inverse relationship to its ability to pay for public school programs.

The aid for salaries is based on the State's minimum salary schedule up to a ceiling of 49 professional staff per 1,000 students and 34 service personnel per 1,000 students. For these purposes, all students are counted similarly except for exceptional education pupils (handicapped and gifted) who are weighted by a factor of 3:1. The State does not require that the funds received for exceptional education pupils be expended for the identified pupils.

WISCONSIN

The State of Wisconsin administers a percentage salary reimbursement formula to distribute special education aid. School districts, cooperative educational service agencies, and county handicapped children's education boards are reimbursed for a percentage of approved salary, fringe benefit, and transportation costs. The reimbursement percentage is established in statute at 63% for special transportation, certified coordinators and directors of special education, special education teachers and teacher aides, and occupational and physical therapists. The reimbursement percentage for school psychologists and school social workers is 51%. If the appropriation reimbursing these costs is insufficient to cover the full amount of aid requested, the payments are prorated.

Additional reimbursement provisions provide for 100% State funding for boarding home costs for non-resident special education children and for the cost of transporting these children from their boarding home to their special education classroom. The State funding program also provides 100% of tuition costs for children attending such schools when these children live in children's homes or on certain categories of tax exempt properties.

The portion of special education costs that are not reimbursed under this funding program and those costs that are not eligible for reimbursement under the program are eligible for inclusion in the State general aid equalization formula.

WYOMING

The State of Wyoming uses a percentage cost reimbursement formula to distribute special education funds to school districts. Reimbursement is provided for 85% of the expenditures incurred in providing special education programs, including:

- salaries and benefits of employees providing special education and related services;
- travel for the provision of direct services to children with handicaps;
- contracted services for the provision of special education and related services to a handicapped child placed out-of-district and/or out-of-State;
- contractual services associated with assessment of children for the provision of special education and related services;
- other contracted services, including audiology, counseling, medical services, occupational therapy, parent counseling and training, physical therapy, psychological services, school health services, social work services in schools, pathology, and transportation that cannot be provided through a district's regular transportation program; and
- contracts for technical assistance and program evaluation.

Expenditures for instructional materials and equipment may be reimbursed up to $1,000 for each newly established professional staff position and up to $700 annually for each staff position operated longer than one year. A school district may be reimbursed up to $1,000 annually for the cost of repair and maintenance of instructional equipment.

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APPENDIX A

State-by-State Tables

TABLE A.1

1986-87 STATE AID PROGRAMS[1]

STATE	Minimum Foundation	Percentage Equalization	Guaranteed Tax Base	Flat Grant	Full State Assumption
AL				X	
AK		X			
AZ	X				
AR	X				
CA					X
CO			X		
CT			X		
DE				X	
DC(2)					
FL	X				
GA	X				
HI					X
ID	X				
IL	X				
IN	X				
IA	X				
KS		X			
KY				X	
LA	X				
ME	X				
MD	X				
MA	X				
MI			X		
MN	X				
MS	X				
MO	X				
MT	X				
NE				X	
NV	X				
NH	X				
NJ			X		
NM					X
NY		X			
NC				X	
ND	X				
OH	X				
OK	X				
OR	X				
PA		X			
RI		X			
SC	X				
SD			X		
TN	X				
TX	X				
UT	X				
VT	X				
VA	X				
WA					X
WV	X				
WI			X		
WY	X				
TOTAL	30	5	6	5	4

[1] From Salmon, R., Dawson, C., Lawton, S., and Johns, T., *Public School Finance Programs of the United States and Canada, 1986-87*, Blacksburg, VA: American Education Finance Association and Virginia Polytechnic Institute and State University, 1988.

[2] The District of Columbia was not included in the classification scheme by Salmon, et.al.

TABLE A.2

RELATIONSHIP OF SPECIAL EDUCATION FUNDING TO FUNDING OF GENERAL EDUCATION AND OTHER CATEGORICAL PROGRAMS

STATE	External to General Education Funding	Included with Other Categorical Programs	Included with General Education Funding
AL	X		
AK	X		
AZ			X
AR			X
CA	X		
CO	X		
CT	X		
DE	X		
DC(1)			
FL			X
GA			X
HI	X		
ID			X
IL	X		
IN			X
IA			X
KS	X		
KY	X		
LA			X
ME		X	
MD	X		
MA			X
MI	X		
MN	X		
MS			X
MO	X		
MT	X		
NE	X		
NV			X
NH			X
NJ	X		
NM			X
NY			X
NC	X		
ND	X		
OH		X	
OK			X
OR	X		
PA	X		
RI	X		
SC			X
SD	X		
TN			X
TX	X		
UT			X
VT	X		
VA			X
WA			X
WV			X
WI	X		
WY	X		

[1] The District of Columbia Public Schools is viewed as a single SEA/LEA and is unique in its goverance and funding. There is no special education funding formula for the District of Columbia.

TABLE A.3

FUNDING OF PRIVATE SCHOOL PLACEMENTS

STATE	Separate Funding Mechanism	Same as LEA Formula	Other
AL		X	
AK	X		
AZ		X	
AR		X	
CA	X		
CO	X		
CT		X	
DE	X		
DC			1
FL		X	
GA	X		
HI	X		
ID		X	
IL	X		
IN	X		
IA		X	
KS		X	
KY		X	
LA	X		
ME		X	
MD	X		
MA	X		
MI			2
MN	X		
MS	X		
MO	X		
MT		X	
NE		X	
NV	X		
NH		X	
NJ	X		
NM		X	
NY	X		
NC	X		
ND	X		
OH			3
OK		X	
OR		X	
PA	X		
RI		X	
SC		X	
SD		X	
TN		X	
TX		X	
UT		X	
VT	X		
VA	X		
WA		X	
WV	X		
WI			4
WY		X	

[1] The District of Columbia Public Schools is viewed as a single SEA/LEA and is unique in its governance and funding. There is no special education funding formula for the District of Columbia.

[2] The use of State dollars for private school placements is prohibited in Michigan.

[3] Private school placements are not used in Ohio.

[4] In Wisconsin, placements made in private programs are not eligible for any State categorical reimbursement.

TABLE A.4

FACTORS INCLUDED IN STATE SPECIAL EDUCATION FINANCE FORMULAS

STATE	1	2	3	4	5	6	7	8
AL								
AK								
AZ			X				X	
AR	X							X
CA	X		X	X		X	X	
CO						X		
CT	X	X	X					
DE								
DC								
FL	X		X	X	X		X	X
GA	X			X	X			
HI								X
ID			X			X		
IL								X
IN								
IA	X			X	X			
KS							X	X
KY						X		
LA	X							X
ME	X			X				
MD	X						X	
MA	X	X	X					
MI	X						X	
MN				X			X	X
MS	X							X
MO								X
MT			X					
NE							X	
NV							X	
NH	X						X	
NJ								
NM	X	X	X	X				
NY	X				X			X
NC						X	X	
ND		X	X					X
OH							X	X
OK	X				X		X	
OR							X	
PA							X	
RI							X	
SC	X			X				
SD							X	
TN	X				X		X	
TX	X							
UT			X		X	X		X
VT	X							
VA	X				X			
WA				X	X		X	
WV	X						X	
WI							X	
WY								

1 - District Wealth or Fiscal Capacity

2 - Population Density

3 - Population Sparsity

4 - Cost-of-Living Adjustments

5 - Population Growth

6 - Caps or Limitations on the Number of Students

7 - Caps or Limitations on the Number of Dollars

8 - Funds Provided Separately For Extended School Year

TABLE A.5

LEA FISCAL RESPONSIBILITY FOR SPECIAL EDUCATION PROGRAMS

STATE	LEA of Parent's Residence	LEA of Student's Residence
AL		X
AK		X
AZ	X	
AR		X
CA	X	
CO	X	
CT	X	
DE	X	
DC	1	1
FL	2	
GA	X	
HI		X
ID		X
IL	X	
IN	X	
IA	X	
KS		X
KY	X	
LA	X	
ME	X	
MD	X	
MA		X
MI	X	
MN	X	
MS		X
MO	X	
MT	X	
NE	X	
NV	X	
NH	X	
NJ	X	
NM		X
NY	X	
NC	X	
ND	X	
OH	X	
OK	X	
OR	X	
PA	X	
RI	X	
SC	X	
SD	X	
TN	X	
TX		X
UT	X	
VT	X	
VA		X
WA		X
WV		X
WI		X
WY	X	

[1] Not Applicable

[2] In Florida, the fiscal responsibility rests with the district that serves the student, regardless of where the student or parent lives.

NOTE: This table addresses the fiscal responsibility for students served by LEAs. The fiscal responsibility for children served under special circumstances, such as those placed by other agencies, is not included here.

TABLE A.6

1988-89 SPECIAL EDUCATION FUNDING FORMULAS

STATE	Pupil Weighting	Flat Grant Per Teacher Or Classroom Unit	Percentage Of Teacher/ Personnel Salaries	Weighted Teacher/ Classroom Units	Percentage Cost or Excess Cost
AL		X			
AK	X				
AZ	X				
AR	X				
CA		X			
CO					X
CT					X
DE		X			
DC(1)					
FL	X				
GA	X				
HI(2)					
ID		X			
IL		X			
IN	X				
IA	X				
KS		X			
KY		X			
LA			X		
ME					X
MD					X
MA	X				
MI					X
MN			X		
MS		X			
MO		X			
MT					X
NE					X
NV		X			
NH	X				
NJ	X				
NM	X				
NY	X				
NC					3
ND		X			
OH			X		
OK	X				
OR					X
PA					X
RI					X
SC	X				
SD					X
TN	X				
TX	X				
UT	X				
VT					X
VA			X		
WA				X	
WV				X	
WI			X		
WY					X
TOTAL	17	11	5	2	14

[1] The District of Columbia Public Schools is considered to be a single SEA/LEA and is unique in its governance and funding. There is no special education funding formula for the District of Columbia.

[2] The State of Hawaii operates as a single school system; there is no prescribed funding formula.

[3] In North Carolina, special education aid is additional to funds provided for basic educatibn programs, and is to cover the excess cost of special education programs, but the funds are distributed on a flat grant per child basis.

TABLE A.7

TARGETING OF SPECIAL EDUCATION FUNDS

STATE	Students Only	Teachers/Classrooms Only	Special Education Programs Generally	No Targeting
AL	X			
AK				X
AZ				X
AR			X	
CA	X			
CO			X	
CT				X
DE		X		
DC(1)				
FL			X	
GA			X	
HI			X	
ID			X	
IL			X	
IN			X	
IA			X	
KS			X	
KY		X		
LA	2	2		
ME			X	
MD			X	
MA				X
MI			X	
MN		X		
MS			X	
MO			X	
MT			X	
NE		X		
NV			X	
NH				X
NJ				X
NM				X
NY			X	
NC			X	
ND			X	
OH				X
OK				X
OR			X	
PA	X			
RI			X	
SC	X			
SD			X	
TN			X	
TX			X	
UT			X	
VT				
VA				
WA			X	
WV				
WI		X		
WY			X	

[1] Not Applicable

[2] Funds for materials and supplies are targetted to students; funds for personnel are targeted on teachers/classrooms.

APPENDIX B

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Virginia	John Mitchell Associate Director 101 N. 14th Street Richmond, Virginia 23219 (804) 225-2067 SpecialNet: VA.SE
Washington	Robert LaGarde Interim Director, Division of Special Services Superintendent of Public Instruction Old Capitol Bldg. Olympia, Washington 98504 (206) 586-6394 SpecialNet: WA.SE
West Virginia	Frank D. Andrews Assistant Director Office of Special Education Room 304-B Capitol Complex Bldg. #6 West Virginia Department of Education Charleston, West Virginia 25305 (304) 343-2696 SpecialNet: WVIRGINIAOSE
Wisconsin	Vic Contrucci Director, Bureau for Exceptional Children P.O. Box 7841 Madison, Wisconsin 53707 (608) 266-1781 SpecialNet: WI.SE
Wyoming	Margie Simineo State Foundation Coordinator Hathaway Building, 2nd Floor-Education Cheyenne, Wyoming 82002 (307) 777-6391 SpecialNet: WY.SE

APPENDIX C

Bibliography of Recent State Special Education Finance Studies

RECENT STATE STUDIES ON SPECIAL EDUCATION FINANCE

Colorado: *Refinancing Special Education, A Report to the Interim Committee on School Finance.* Colorado Department of Education. (October 1987)

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APPENDIX D

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